

FEDERAL SUPPLY MANAGEMENT
(OVERSEAS SURVEY)

SIXTEENTH INTERMEDIATE REPORT
OF THE
COMMITTEE ON EXPENDITURES IN THE
EXECUTIVE DEPARTMENTS



MAY 23, 1952.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1952

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
Washington, D. C., May 23, 1952.

HON. SAM RAYBURN,
Speaker of the House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: By direction of the Committee on Expenditures in the Executive Departments, I submit herewith the Sixteenth Intermediate Report, titled "Federal Supply Management (Overseas Survey)."

WILLIAM L. DAWSON, *Chairman.*

LETTER OF TRANSMITTAL

House on Transportation,
Washington, D. C., May 22, 1937.

Hon. Sam Rayburn,

Speaker of the House of Representatives,

Washington, D. C.

Dear Mr. Speaker: In addition to the Committee on Expenditures
in the Executive Departments, I submit herewith the Statement of
Medicine Report, titled "Federal Supply Management (Overseas
Surveys)".

Very truly,
Walter J. Travis, Chairman.

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Union Calendar No. 625

82D CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
No. 1994

FEDERAL SUPPLY MANAGEMENT (OVERSEAS SURVEY)

MAY 23, 1952.—Committed to the Committee of the Whole House on the State of Union and ordered to be printed

Mr. DAWSON, from the Committee on Expenditures in the Executive Departments submitted the following

SIXTEENTH INTERMEDIATE REPORT

On May 21, 1952, the Committee on Expenditures in the Executive Departments unanimously approved the report of the Intergovernmental Relations Subcommittee on Federal Supply Management (Overseas Survey). The chairman was directed to transmit a copy to the Speaker of the House.

INTRODUCTORY STATEMENT

BASIS OF THE SUBCOMMITTEE'S INQUIRY

For the past year and a half the Subcommittee on Intergovernmental Relations has been conducting investigations and holding hearings on supply management in the Federal Government, with particular emphasis on the military branch. These inquiries have proceeded upon the premise that the largest savings can be found in those areas of Government activity where the most money is being spent. With the Federal budget now approaching \$85 billion a year, the major portion of which is for military uses, the subcommittee has directed its efforts toward the elimination of wasteful practices in the military departments and impressing upon military officials a sterner realization that the Nation's resources are limited and that these resources must be carefully conserved.

Our investigations to date convince us not only that savings can be effected in many places but that the defense of America will be strengthened in the process. As the subcommittee stated in a previous report, "well planned supply management policies can produce a more

effective fighting force, achieve a higher degree of efficiency, and better unify our strength for resisting aggression."¹

The subcommittee has given encouragement and support to policy makers in the Pentagon who share its concern for more effective supply management; it has prodded reluctant officials and those who are less concerned. The subcommittee is happy to report that its investigations and hearings and the report issued last June are producing a few discernible results in the direction of improved organization and procedures and greater economies in some phases of military supply.

Members of the subcommittee also have brought their knowledge, gained in the course of these extensive studies and inquiries, to the House Committee on Appropriations. Amendments offered by subcommittee members in the House during the debate on the defense appropriation bill, to eliminate funds for nonessential or duplicating facilities among the military departments, were accepted.²

The subcommittee has not been content merely to take the testimony of top officials in the Pentagon. Too often such testimony is prepared by facile ghost writers for the civilian head of a military department who is relatively new on the job and not acquainted with the inner workings of the military system or the artifices of departmental brass. The subcommittee has found that between the statements emanating from the rarefied atmosphere of the Pentagon and the actual developments in the field there are large and frequent discrepancies. Consequently the subcommittee has itself gone out to seek information in the field; its members have spent long hours inspecting military depots and other installations, surveying the wide variety of supply activities carried on by the military services, talking to hundreds of military and civilian officials and asking many, many questions. Wherever feasible the subcommittee has recorded its conferences for the benefit of the Congress and the public.

The present report is based upon overseas investigations undertaken by the subcommittee toward the end of 1951, supplemented by other data obtained by the subcommittee in the course of hearings and investigations within the United States.

A substantial portion of our military expenditures is aimed toward the build-up of the collective defenses of other free nations that have joined with us to resist aggression. At the same time our military services are expending great sums of money in strengthening our own defense outposts in many parts of the world. The subcommittee, therefore, decided to follow the supply pipelines as they channel out to our forces in the field and to our military allies.

CONFERENCES HELD AND INSTALLATIONS SURVEYED

Preparatory to the overseas survey, the subcommittee arranged for briefings on military supply, economic, and political factors in the areas to be visited. Officials of the Department of Defense, Department of State, Economic Cooperation Administration,³ General Services Administration (including the overseas procurement of strategic

¹ H. Rept. No. 658, 82d Cong., 1st sess.

² Congressional Record, April 9, 1951 (daily edition), pp. 3909, 3912, 3921, 3925, 3927, 3931, 3940, and 3952.

³ The Mutual Security Act of 1951, approved October 10, 1951, created a new agency for foreign aid, the Mutual Security Agency.

materials), and of particular divisions within these departments working on matters of direct interest to the subcommittee, appeared and gave testimony. These briefings totaled 36 hours and were presented over a 2-week period; printed copies were available to subcommittee members for further reference during the overseas survey. With classified material deleted, the briefings are included in the printed record of the subcommittee.

In the course of the survey of overseas installations and activities, approximately 110 hours were devoted to conferences and 200 hours to first-hand inspection of installations. The subcommittee traveled 26,163 miles, spending 140 hours in flight time. The investigation took 41 days.

The subcommittee utilized every opportunity to gather information and elicit testimony that would be helpful, not alone in the performance of the subcommittee's duties, but to other committees and Members of the Congress. We believe that the record contains data that will be of considerable value and interest to the Members. Of necessity a large amount of security data has been deleted from the published record. In a number of instances the subcommittee felt that the Government officials charged with responsibility for withdrawing classified matter have butchered the transcript in their zeal to protect the national security and have withheld some information that is already public knowledge. Time permitting, the subcommittee intends to check back on the work of the censors.

On the first leg of its journey outside the continental United States, the subcommittee held conferences at Juneau, Alaska, with representatives of various civilian Government agencies stationed in the Territory, in order to review their supply problems and to evaluate the effectiveness of supply services performed for them by the General Services Administration.⁴ The following Interior Department agencies were represented: United States Fish and Wildlife Service, Bureau of Indian Affairs (Alaska Native Service), Geodetic Survey, Alaska Road Commission. Representatives of the United States Forest Service and the Bureau of Public Roads also were present.

A special hearing was held in Juneau at the request of the Delegate from Alaska, the Honorable E. L. Bartlett, in order to determine the effect of certain Coast Guard regulations on the maritime economy of the Territory (the subcommittee was later advised that the problems presented to the subcommittee were satisfactorily resolved following its hearings).

The subcommittee then proceeded to Anchorage, Alaska, and made an inspection of the Elmendorf Air Force Base and held conferences with Army, Navy, and Air Force officials in the Alaskan Command and the Seventeenth Naval District.

⁴ Although the present report is concerned primarily with military supply management, the subcommittee believes that the testimony at the Juneau hearing on General Services Administration supply relationships with other civilian agencies points the way to more effective and economical supply arrangements, including cross-servicing among civilian agencies. Generally the subcommittee observed that the General Services Administration was performing well in supplying these agencies in Alaska, considering the adverse natural conditions in the Territory. Particularly it is suggested that consideration be given to the establishment of one or more subdepots for Alaska "customers" of the General Services Administration and to increased use of the Government-owned Alaska railroad for transportation of supplies. By these means the frequency and cost of shipments to Alaska might be considerably reduced. Also, the subcommittee believes that consideration should be given to the operation by the Government of a marine station for repair and maintenance of craft used by all civilian agencies in southeastern Alaska, possibly including the Coast Guard.

The next conference on military supply matters was held at the United States Naval Station at Adak in the Aleutian Islands.

In Tokyo, Japan, the subcommittee conferred with Gen. Matthew B. Ridgway, Supreme Commander Allied Powers (SCAP), at General Headquarters in the Dai-Ichi building. Other conferences and inspections in Tokyo and adjoining areas included the following: Japanese Logistical Command, Army technical service depots, naval base at Yokosuka, and Far East Air Matériel Command at Tachikawa.

Although the Secretary of Defense, following a policy originally laid down by Gen. Douglas MacArthur, previously had denied the subcommittee permission to go to Korea, arrangements were finally made after arrival in Japan to inspect military supply facilities of the Second Logistical Command in Korea.

Thence, pursuing its journey south and westward, the subcommittee conferred with military officials of the Ryukyus Command on Okinawa and of the United States Air Force at Clark Field in the Philippine Islands. At Manila the subcommittee met with the American Ambassador to the Philippines and his staff and with the Chief of the Joint United States Military Advisory Group (JUSMAG).

As a means of comparing our own military supply organization with the system used by the British armed forces, the subcommittee held conferences at Singapore with British military officials and with the Commissioner General for His Majesty's Government in southeast Asia, the Right Honorable Malcolm MacDonald. These conferences were later supplemented in London when the subcommittee met with Prime Minister Winston Churchill and with the permanent Under Secretary and staff of the British Ministry of Supply.

After a stop at the United States Air Force installation at Dhahran, Saudi Arabia, the subcommittee proceeded to Ankara, Turkey, where it conferred with the Chief and staff of the Joint American Military Mission for Aid to Turkey (JAMMAT) and inspected ordnance shops of the Turkish Army. The Ambassador, members of the ECA mission to Turkey, and an official of the Bureau of Public Roads also participated in conferences with the subcommittee. In meetings of this kind the subcommittee endeavored to obtain a rounded picture of the military, economic, and political situations in countries assisted by the United States.

In Athens, Greece, the subcommittee met with the Joint United States Military Advisory Group (JUSMAG), the Embassy staff, and ECA officials. At the United States military headquarters in Trieste (TRUST) the subcommittee met with American military officers commanding troops and administering affairs in the American and British zone of the Territory.

At Rome, Italy, the subcommittee met with the American Ambassador and the chiefs respectively of the Military Assistance Advisory Group (MAAG) and the ECA mission.

In Germany, numerous inspection trips were made and conferences held at the United States Air Force Headquarters in Europe (USAFE) at Wiesbaden, the office of the United States High Commissioner for Germany (HICOG) at Bonn, the Army quartermaster depot at Giessen, and the European Command Headquarters (EUCOM) at Heidelberg.

In France the subcommittee conferred with Gen. Dwight D. Eisenhower at Supreme Headquarters, Allied Powers in Europe (SHAPE), with American members of his staff, and with the special United States representative for ECA in Europe and officials of the ECA mission to France.

In London, in addition to the conferences with Prime Minister Churchill and officials of the British Ministry of Supply, the subcommittee met with the American Ambassador and various American officials representing the United States Deputy, North Atlantic Council; the senior United States representative to the Defense Production Board (SUSREP); the Joint American Military Advisory Group (JAMAG); and other agencies concerned with military and economic aid activities.

The subcommittee wishes to record its appreciation for the full cooperation and courteous treatment extended to the subcommittee members and staff by the military and civilian officials with whom it conferred in the course of the overseas investigations.

The subcommittee has endeavored always to carry out its mission in a fair and responsible manner. Critical comment in this report is not intended to imply any personal reflection on officials who met with the subcommittee and were questioned. Our concern is directed solely toward effecting improvement in the policies and methods of Federal supply management, thereby insuring stronger defenses at less cost.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

SECTION I. LIMITATIONS OF MILITARY UNIFICATION LAW

Conclusions

Five years of disappointing experience under so-called unification legislation are strongly persuasive that the Secretary of Defense needs a stronger and clearer legislative mandate for military unification.

In terms of military supply, neither the National Security Act of 1947 nor its later amendments outline precisely what shall be done to effect unification. With the three military departments guaranteed their separate status by law, the successive Secretaries of Defense have started out with, and stay with, the assumption that each of the three military departments will man and operate a supply system. Unification among departments in the supply sense then becomes wholly eclectic, a matter of specific arrangements worked out after laborious and protracted study by the Munitions Board or through limited working agreements, improvisations, and expedients in the field.

The curious result of the unification law has been this: While the Secretary of Defense and the Chairman of the Munitions Board are trying to bring the three military departments closer together in supply and other fields, these departments are seeking ways and means to stay apart under those portions of the law which preserve their separate status.

In different parts of the world the subcommittee found the Air Force, in the process of becoming a wholly separate department, busily arranging for the separation of stocks of supplies and equipment from Army depots and planning new warehouse facilities for common items heretofore provided by the Army.

To the extent that unified commands have been established in several theaters of operation, there has been lacking the equivalent unification in logistical support. The subcommittee found ample evidence around the world of duplications in stocks, personnel, and facilities. At SHAPE, General Eisenhower agreed with the subcommittee that more unification was needed in logistical matters in all theaters.

Under the prevailing separate-department philosophy of the National Security Act, the Secretary of Defense has hardly begun to explore the enormous possibilities for eliminating overlapping and duplication. The Munitions Board as a staff arm of the Secretary to study and recommend supply unification measures, has not proved to be very muscular.

Directives have been issued in profusion, but the vast military bureaucracies continue relatively undisturbed and frequently operate in ways unknown to the Chairman of the Board, or to his superior, the Secretary of Defense. The cardinal principle of civilian control over the military is vitiated in the process.

A more effective organizational base must be given to the Secretary of Defense for discharging his responsibility and duty to eliminate overlapping and duplication within and among the military departments.

The fact that the members of the Joint Chiefs of Staff represent their respective departments, as well as the JCS to which specific statutory functions have been assigned, creates a drag of resistance to supply integration among these departments. The Munitions Board has departmental representatives contributing the same drag.

The subcommittee believes that the Secretary of Defense must have and be able to assert the requisite authority in the interest of effective supply management.

Recommendations

In accord with General Eisenhower's recommendation, the Secretary of Defense should be vested with all necessary authority to improve and integrate military supply systems; and intervening or independent layers of authority in this field should be removed.

The position of Assistant Secretary of Defense for Supply should be created, this officer by direct delegation from the Secretary to assume all functions of the Munitions Board, or to act as Chairman of the Board.

The primary mission of the Assistant Secretary for Supply should be to work out, under the direction of the Secretary of Defense and without hindrance by the departmental representatives, a comprehensive program to integrate common supply and service activities among all the military forces, including the recruitment and training of a professional corps of supply personnel in the Department of Defense, the development of standardized defense-wide procedures and forms, unified procurement, the establishment of common depots and other common supply and service installations throughout the United States, and development of unified logistics organizations overseas. In this capacity the Assistant Secretary of Defense for Supply should have advisory assistance from the three military departments.

SECTION II. AIR FORCE EXPANSION OF SEPARATE SUPPLY SYSTEM

Conclusions

The Air Force is planning or preparing to withdraw common-use items from Army supply channels throughout the world and to construct or lease additional depot facilities to handle these items.

Expansion of the Air Force supply system to include common-use items heretofore supplied by the Army constitutes one of the significant areas of unnecessary expenditures.

A directive issued by the Secretary of Defense on July 17, 1951, purporting to put a ban on such expansion, has been subject to varying interpretations by the military departments and represents a belated effort to check a process well under way.

Beginning with the so-called Eisenhower-Spaatz agreements following adoption of the National Security Act of 1947, a vast amount of time and effort and money has been expended in planning for the establishment of a completely independent supply system in the Air Force and in separating stocks for accounting, budgeting, and requisitioning purposes. In the case of separation of quartermaster stocks

alone for the Air Force, accounting costs to the Army of \$4 million were estimated. Huge additional sums will be expended if Air Force plans for the creation of new facilities to store, issue, and maintain common-use items are authorized.

In hearings before the subcommittee, neither the Secretary of Defense nor the Chairman of the Munitions Board appeared to be well-informed about the existence or content of various policy statements or agreements relating to the separation of Air Force supplies, and in fact the Secretary of Defense was constrained to issue a new clarifying directive upon being made aware of developments brought to light by the subcommittee overseas.

The then Under Secretary of the Army was either uninformed or less than candid in suggesting during subcommittee hearings that the Air Force had only a limited program for the transfer of supply activities from the Army, and he was vague as to the applicability of Secretary Lovett's July 17, 1951 directive to arrangements or agreements theretofore existing.

The uncertain status of Pentagon policy with regard to the separation of Air Force stocks from Army depots is reflected in overseas theaters, causing confusion and inability to make firm plans for future logistics requirements. Field headquarters were neither promptly nor clearly informed about Pentagon directives affecting their supply responsibilities.

There are indications that interdepartmental agreements respecting the division of Army and Air Force supply responsibilities in Europe are not proceeding on the basis of the most efficient over-all utilization of depot and warehouse space now, or subsequently to be made, available.

Army and Air Force officials generally gave conflicting testimony as to the feasibility or cost of making the Air Force completely responsible for its supplies of common items. Air Force representatives minimized the cost of transfer and emphasized the threats to military effectiveness by continuation of Army supply to the Air Force. Army officials saw large costs in the establishment of separate facilities and asserted that the Army could supply common items to the Air Force without impairing Air Force striking power.

It was impossible for the subcommittee to obtain accurate estimates of what a completely independent Air Force supply system would entail in budgetary terms.

Recommendations

The subcommittee recommended in House Report No. 658 (June 27, 1951) that all expenditures of funds and employment of personnel directed toward planning, developing, or implementing independent Air Force supply of common items should be terminated immediately. To follow through on this recommendation and to put teeth in Secretary Lovett's July 17, 1951 directive, subcommittee members secured the adoption by the House of amendments, reducing Air Force appropriations by approximately \$175 million with the intention of eliminating funds to expand the Air Force supply system for common use items which the Army can supply. Further, an amendment was offered and adopted in the House prohibiting the Air Force from utilizing fiscal year 1953 funds in the defense appropriation to that end.

We recommend that the appropriate committees of the Congress scrutinize carefully pending legislation to authorize some \$3 billion of military public works, to determine whether duplicating, storage, and warehouse facilities for common-use items are being requested by the Air Force.

SECTION III. FOLLOW-THROUGH ON AMERICAN MILITARY AND ECONOMIC AID

Conclusions

American military and economic aid missions are advising and training personnel of various countries, promoting local production, and supervising the use of equipment and facilities provided by the United States under the aid programs. Some 18 military missions, comprising in the aggregate almost 4,000 officers and enlisted men (a few civilians are included), and some 23 economic missions under the Mutual Security Agency, comprising about 2,000 American personnel, are engaged in these follow-through activities with respect to American aid.

The subcommittee was profoundly disturbed to note that our military advisory groups were not aggressively promoting unification in the supply systems of the countries in which they were stationed. These groups, comprising representatives from the three military departments, tend to project their previous training and separate-department concepts of supply organization into each local situation.

It is of the utmost importance that persons trained in defense-wide supply management and able to transcend the narrow, departmental outlook be placed in the military advisory groups overseas, and that they perform their duties according to Department of Defense standards formulated for achieving maximum supply integration, flexibility, and economy in the military systems of the recipient countries.

The creation of a Mutual Security Agency under the Mutual Security Act of 1951 signified a desire on the part of Congress to bring our manifold and disparate mutual security efforts together under unified direction. The subcommittee expects that the Director of the Mutual Security Agency, under his legislative mandate, with the cooperation of the Departments of State and Defense, will work constantly to weave the agencies, functions, and personnel engaged in the aid programs into a rational pattern, and will solicit the representatives of the other NATO nations to do likewise. The Lisbon Conference recognized a need for closer working unity and more effective organization among the NATO countries.

A substantial portion of military aid is to be provided through offshore (foreign) procurement to relieve the strain on American production and resources. A sum in excess of \$600 million was earmarked for offshore procurement in fiscal year 1952 (a lesser amount actually will be spent), and it is proposed to use \$1 billion for this purpose during fiscal year 1953. Since the Army, Navy, and Air Force will be making separate procurements of equipment and parts in Europe (except as the Munitions Board has assigned procurement responsibilities to a single service or activity), the subcommittee is greatly concerned lest the offshore procurement program project on the European scene the disadvantages so frequently observed in the United States in separate buying by the three military services.

The subcommittee expects that the information and advice of Mutual Security Agency representatives, both in the country missions and in the European regional office, will be sought and utilized to the full by the military in the offshore procurement program. Military procurement officials have a well-known disinclination, if not inability, to consider social and economic problems in relation to buying practices. Expert civilian advice is all the more important overseas, where procurement officials have to contend with unfamiliar language, laws, industrial practices, and social customs.

At the same time the subcommittee sees no warrant for building large and unwieldy civilian staffs in the Mutual Security Agency or for making the European and country offices refuges for benign hacks and incompetents.

The increasing evolution of NATO from a broad policy planning to an operational entity with permanent headquarters and a secretariat, and its recent emphasis on logistics and supply integration among participating countries, pose added organizational problems to United States Government agencies. The Department of Defense will have to establish a coordinating or planning group here in relation to NATO logistics activities and in order to gear its procurement and delivery of hard goods into European production programs and supply systems in conformance with NATO policies.

Furthermore, Department of Defense operating programs will have to be carefully executed within the context of the basic objectives of the Mutual Security Act of 1951, the directing and unifying responsibility for which is vested in a civilian head who reports to the President. Duplication of planning staffs and administrative personnel between the military and civilian parts of the foreign aid program must be held to a minimum. And the propensity of the Joint Chiefs of Staff for laying out inflated end-item programs in their desire to achieve military effectiveness must be balanced against production capabilities both at home and abroad and against the willingness of receiving countries to carry a proportionate share of the burden. The subcommittee sees no sense in dumping large quantities of military equipment into countries which can well produce many of such items themselves.

In its conference in London the subcommittee was unable to discover anything accomplished by the standardization agency set up in NATO. The many and real obstacles to standardization among nations with different industrial complexes are obvious. However, unless the United States, as the country providing large amounts of military equipment and supplies, insists on a rigorous program of standardization, the integration of supply systems in the NATO countries for maximum defensive strength will be frustrated. If the protracted international debate as to what rifle will be used for the common defense is any indication, standardization will be a matter of talk rather than action.

There is an obligation on the part of countries who receive our aid to put their own houses in order. This obligation goes beyond the proper use of military equipment, a condition which recipients of our aid must meet under the Mutual Security Act of 1951. Our dollars expended to help others will go down the drain unless the governments of assisted countries take positive and forthright measures of self-

help and internal reform to stabilize domestic economies, expand production, and provide an incentive for all sectors of their populations to remain steadfast in the cause of freedom.

Recommendations

We strongly recommend that offshore procurement be completely centralized in the European theater. The special United States representative (William H. Draper), as the European coordinator of mutual security affairs and as the representative of the Department of Defense, should take the initiative in promoting a central procurement agency in the field. The Assistant Secretary of Defense for Supply, as proposed in section I of this report, would be the proper officer to make effective this recommendation at the Washington level, in conjunction with the responsibility for working out a unified logistics support program in the European theater.

American efforts must be strenuously exerted to promote and encourage measures of self-help, in order to ease in some degree the burden of American taxpayers in supporting foreign aid. These efforts also must be exerted to effect wider distribution of aid benefits throughout all sectors of the population in assisted countries.

SECTION IV. PROPERTY UTILIZATION AND SURPLUS DISPOSAL OVERSEAS

Conclusions

The subcommittee recognizes that it will take the most vigorous measures to curb the well-known profligate tendencies in the military. To all ranks from top to bottom it must be forcibly driven home that America's resources are limited and that a wasted item, an extravagant practice, only increase the burden on our industrial capacity and the drain on our national resources.

Although exhortations to practice supply economy frequently do not seem to get beyond directives on paper issued for the record and dutifully placed in the files of the receiving unit, the subcommittee believes that an awareness of the problem is beginning slowly to take root among military personnel in the field.

Only by cutting across narrow departmental lines to view the common defense objective can military supply officials gain a proper sense of the enormous demands made upon the limited resources of the national economy and the imperative need to husband these resources with care.

Although military supply officials in the field recite elaborate procedures for controlling levels of stock and checking excesses and assert that excesses are reported through channels for possible use elsewhere in the theater, the subcommittee has found that these procedures usually are more showy than effective.

The subcommittee is convinced that quantities of military supplies, undetermined but huge in the aggregate, are stocked in posts, bases, camps, and stations in the United States and around the world, which greatly exceed normal requirements. The failure effectively to relate these assets at the using level to depot stocks and to new requisitions magnifies the burden placed by the military departments on national resources and production, and increases inflationary pressures.

The rebuild operations inspected by the subcommittee overseas provided a striking demonstration of materials retrieved and large savings realized from the enormous residue of stocks that were left to rot and rust after World War II. Military officials at the Japanese Logistical Command offered, as a conservative figure, estimates of savings of \$500 or \$600 million. The opinion was expressed that without this rehabilitated equipment rolled up in the Pacific and brought to Japan, the Korean operation could not have been maintained.

Vehicles and weapons collected on the battlefields of Korea also were being rehabilitated in Japan. The subcommittee was assured that although the recovery of battlefield equipment and scrap was slow in getting under way, a thorough-going recovery program was in process at the time of the subcommittee's visit. Shell cases containing valuable brass were being collected and sent to the United States. A considerable portion of the ferrous scrap collected was going into Japanese steel mills and factories to make possible the manufacture of bridging equipment, vehicles, and other essentials for combat operations in Korea.

The masses of material reclaimed and rehabilitated for use by our Armed Forces are but a small part of the vast stocks of surpluses that were sold, given away or abandoned after the shooting stopped in World War II.

In October 1950, after public hearings and at the insistence of the subcommittee, the Department of the Army recaptured surplus material, originally costing \$75 million, which had been transferred to the German Government and was stored in STEG⁵ warehouses. In the belief that this recapture for Army needs in the European theater was too limited in scope in view of the Korean conflict, the subcommittee in March 1951 demanded a second screening for American military requirements world-wide. This second freeze resulted in the recapture of equipment and material originally costing \$26.5 million. Further, as a result of its overseas survey, the subcommittee was able to press for recapture of electronic equipment and other valuable material.

Each of the three military departments has regulations governing the disposal of foreign excess property. Perusal of these regulations indicates lack of uniformity in procedure. Furthermore, the subcommittee sees no evidence, from its observations to date, that there is systematic screening and interchange of excess property among services and activities in overseas command. And again, the subcommittee sees no evidence that there is any concerted effort to apply excesses generated by regular military activities to the requirements of NATO countries, which are now being fulfilled by new procurements within the United States and within these countries.

It is clear from testimony in the subcommittee's record that the supervisory responsibility of the State Department over foreign surplus disposal is perfunctory in nature and it is lacking in means to verify that its recommendations are adhered to by the disposing agencies.

⁵ A quasi-governmental corporation established in Germany in 1946 to handle surplus property.

The story of surplus disposal overseas following World War II is one of improvisation, careless handling, lack of adequate accounting and control of inventories, and only casual consideration of the ultimate destination of transferred property. The gaps and deficiencies in the disposal process have provided numerous opportunities for promoters and dealers to traffic in war surplus and to make large profits. Certain phases of the subcommittee's investigations in this field have not yet been completed. We intend to report more fully in the near future on the disposition of war surplus.

In deploying our resources world-wide, first to help fight the greatest war in history and then to mobilize the collective strength of the free world against the threat of a new war, vast quantities of metals have been removed from our country. It is time to undertake actively to recover some of the materials for further industrial use.

Recommendations

The subcommittee recommends that the Assistant Secretary of Defense for Supply, as proposed in this report, or the Munitions Board, formulate a program to systematize redistribution of excesses and disposal operations by the owning activities and among the military departments. This in turn must be integrated with the requirements for military aid under the Mutual Security Program.

In the event that disposals of excess and surplus property assume large proportions, it would seem advisable to place disposal responsibilities in civilian hands. The military authorities are not well equipped to perform the merchandising functions in making sales of property or to relate these activities to the political, economic, and social factors in the countries acquiring surplus property.

The statutory basis for surplus disposal overseas requires reexamination. Safeguards should be worked out to prevent excess or surplus property overseas from getting behind the iron curtain; also disposals should be made under arrangements that will enable the United States to reacquire needed items. The prospect of continued military aid suggests the wisdom of studying the possibility of retaining title to property furnished under the aid program to facilitate scrap recovery, redistribution of excesses, and surplus disposal, and to promote supply standardization and unification in countries receiving such aid.

BASIS FOR CONCLUSIONS AND RECOMMENDATIONS

SECTION I. LIMITATIONS OF MILITARY UNIFICATION LAW

The experiences of World War II and the need to build anew our defenses in the postwar world led to a strong public demand for unification of our Armed Forces. The National Security Act of 1947 was devised in response to the demand for unification. At the time this legislation was considered by the Committee on Expenditures 5 years ago, it was freely and frankly acknowledged to be a compromise. On the one hand it preserved intact the separate Army and Navy and created the Air Force as a third, new department. On the other hand it attempted to tie the three departments together loosely at the top by creating the Office of Secretary of Defense. The Secretary was given ill-defined authority of a general sort to direct the affairs of the newly created National Military Establishment.

Statutory functions were given to the Munitions Board to coordinate activities of the National Military Establishment with regard to industrial matters, including the procurement, production, and distribution plans of the three military departments; to recommend the assignment of procurement responsibilities; and to perform other enumerated duties. The Munitions Board's relationship to the Secretary of Defense and its role in the military establishment were not clearly defined. The membership of the Board, composed of Under Secretaries or Assistant Secretaries from the three departments, with a civilian chairman appointed by the President with Senate confirmation but lacking power of decision, nullified the Board's effectiveness.

The proponents of the original compromise legislation held forth great hopes that an alert and energetic Secretary of Defense and Munitions Board Chairman would seek out manifold economies in the colossal and sprawling military establishment and would put into effect supply and service arrangements to eliminate the overlapping and duplication which were so rampant in the military services and so costly to the taxpayer. General Eisenhower, in his testimony before the House Committee on Expenditures in 1947, was one who held out such hopes. Recently, when the subcommittee conferred with General Eisenhower at SHAPE in France, he replied to a subcommittee question as follows:

I feel that what is really needed to accomplish what you gentlemen are seeking is to vest in the Secretary of Defense sufficient authority and responsibility to permit him to accomplish whatever degree of improvement in the economy and efficiency of our service and supply systems as is now necessary or that becomes necessary as time passes.

The first two Secretaries of Defense as well as the Hoover Commission found the National Security Act of 1947 a sadly defective mechanism for achieving unification. Eighteen months after the law was passed, on the eve of his departure from that post, Secretary of De-

fense James Forrestal reported to the Senate Armed Services Committee that the act contained "weaknesses and inconsistencies," and that the statutory authority granted to the Secretary proved upon application to be "vague, confusing and specifically limited by the provision which reserves to the respective departmental Secretaries all powers not expressly conferred upon the Secretary of Defense."⁶ A few months later Secretary Louis Johnson advised the House Armed Services Committee that within the four corners of the ambiguously worded statute, departmental lawyers found sufficient reasons for resisting efforts to unify.⁷

The National Security Act Amendments of 1949⁸ took account of several of the criticisms and of certain recommendations in the report of the Hoover Commission. The authority of the Secretary of Defense over the three military departments was somewhat strengthened and clarified. Likewise the role of the Munitions Board and its Chairman were pointed up and the Board was established more precisely as a staff arm of the Secretary.

Nevertheless, the 1949 legislation again compromised between opposing concepts of proper organization in the military establishment. What was taken away with one hand was given back with the other. Although the departmental Secretaries were deprived of Cabinet rank, the separate status of the departments was not only reaffirmed but reinforced in several particulars. As if to remove any doubts on that score, the amendments added to the declaration of policy of the original act the intent of Congress "to provide three military departments, separately administered."

An interesting incident in the legislative consideration of the National Security Act Amendments of 1949 illustrates the statutory setbacks to unification as well as the gains. The original act, in section 202 (a) which created the office of Secretary of Defense and prescribed the Secretary's duties, directed him, among other things, to "Take appropriate steps to eliminate unnecessary duplication and overlapping in the fields of procurement, supply, transportation, storage, health, and research." The Senate bill introducing the 1949 amendments, in seeking to strengthen and clarify the Secretary's authority, proposed that the above-quoted provision in section 202 (a) be amplified as follows:

Taking of appropriate steps, including such coordination, transfers, and consolidations as may be necessary, to eliminate unnecessary duplication or overlapping in the fields of procurement, supply, transportation, storage, personnel, health, research, and in such other fields, as he may deem proper. * * *

Pentagon lawyers assured the House Armed Services Committee that the Senate proposal was unnecessary in the light of the broadened authority proposed to be conferred generally on the Secretary.⁹ Accordingly, the entire provision, both of the Senate bill and of the original act, were struck out by the House committee, the deletions were accepted in conference. The law now merely presumes, without specifically stating, that the Secretary will take steps to eliminate unnecessary overlapping and duplication.

⁶ Senate Committee on Armed Services, hearings on S. 1269 and S. 1843, March 24, 1949, p. 8.

⁷ House Committee on Armed Services, hearings on S. 1843 (No. 95), June 28, 1949, p. 2710.

⁸ Public Law 216, 81st Cong., 1st sess.

⁹ House Committee on Armed Services, hearings on S. 1843 (No. 95), July 6, 1949, pp. 2812 ff.

Secretary of Defense Lovett, in testimony before our subcommittee, expressed the opinion that he had sufficient authority under the act, as amended, to develop a well-managed, efficient supply system.¹⁰ While the subcommittee is convinced that the present law affords wide and numerous opportunities to eliminate overlapping and duplication, 5 years of disappointing experience under so-called unification legislation are strongly persuasive that the Secretary of Defense needs a stronger and clearer legislative mandate for military unification.

In terms of military supply, neither the National Security Act of 1947 nor its later amendments outline precisely what shall be done to effect unification. In assigning responsibilities in the supply field to the Munitions Board, the law speaks loosely of coordination and planning and assignment of procurement responsibilities among the several military departments. It directs the Board to include "planning for standardization of specifications and for the greatest practicable allocation of purchase authority of technical equipment and common-use items on the basis of single procurement." With the three military departments guaranteed by law their separate status, operation, and administration, with their separately assigned combat and service components, the successive Secretaries of Defense have started out with, and stay with, the assumption that "each of the three military departments will man and operate a supply system." This assumption was embodied as quoted in a directive of the Secretary of Defense (Louis Johnson), dated November 17, 1949. The policy of separate supply systems was reaffirmed in a directive of the then acting Secretary of Defense (Robert A. Lovett), dated July 17, 1951, in these words:

Each of the military departments shall operate and maintain a supply system and shall be responsible for the supply support of its own forces, except when such support is otherwise provided by specific agreements or assignments at force, theater, military department, or Department of Defense level.¹¹

Unification among departments in the supply sense then becomes wholly eclectic, a matter of specific arrangements worked out after laborious and protracted study by the Munitions Board or through limited working agreements, improvisations, and expedients in the field. And even while some studies by the Munitions Board are directed toward effecting joint or single service supply operations, the subcommittee has found that other studies are instituted by individual departments purporting to prove that such operations are impractical.

The curious result of the unification law has been this: While the Secretary of Defense and the Munitions Board are trying to bring the three military departments closer together in supply and other fields, these departments are seeking ways and means to stay apart under those portions of the law which preserve their separate status. Since the Air Force was not a separate department in the first instance, in pursuance of the coequal position granted by the law it has been engaged for the past 5 years in the intricate and difficult process of separating itself from the Army and withdrawing the whole complex of supporting services and appurtenant facilities which go to make up a self-contained military department.

¹⁰ Subcommittee hearings on Federal Supply Management, July-August 1951, p. 11.

¹¹ The text of the 1949 directive is printed as appendix D in H. Rept. No. 658, 82d Cong., 1st sess.; the text of the 1951 directive is printed in the subcommittee's hearings on Federal Supply Management, July-August 1951, pp. 5-6.

In different parts of the world the subcommittee found the Air Force busily arranging for the separation of stocks of supplies and equipment from Army depots and planning new warehouse facilities to store common items heretofore provided by the Army. This subject is treated in more detail in the following section. However, it serves to illustrate one of the paradoxical consequences of a so-called unification law which created three separate departments and allowed each (as construed by directive) to man and operate a supply system: The Air Force is moving to become completely separate even while efforts are supposedly being made to unify its supply activities in some measure with those of the other departments.

In its report on Federal Supply Management issued in June 1951, the subcommittee reported its conviction "that unification, from the standpoint of military supply, rests largely on paper." The subcommittee's investigations overseas serve to reinforce this conviction and to bring home more sharply the fact that huge additional costs are entailed by duplication, or, we should properly say, triplication.

We emphasize the lack of unification in the supply field. This is not to say that progress toward unification has been altogether lacking in the strategic or tactical sense. We were pleased to find improved cooperation and coordination among the Armed Forces in combat in Korea and in areas of potential danger such as Alaska. At the working level in every theater the subcommittee found that Army, Navy, and Air Force men were better acquainted with each other's tasks and service objectives. Unification has accomplished this much.

When a military commander in Alaska, Okinawa, the American zone of Germany, or in some other overseas area assures us that he has a unified command, the term is thus used in the more limited sense of general command over strategic and tactical military operations. Unification in this sense does not mean that supplies and equipment are in any way coordinated among the several branches of the military service in the theater; nor does it mean that even common items are requisitioned from one source, transported by one agency, or stored and distributed from one theater depot. As Lt. Gen. William E. Kepner of the Alaskan Command summed it up for the subcommittee:

* * * the Chief of Staff made the statement this morning that the administrative matters and things of that sort and the operations of the logistics system are the responsibility of the departments themselves and that my position here as a unified commander is one of strategic and tactical significance and coordination to keep things in balance and make recommendations and that's as far as I can go until I get a different directive from the Joint Chiefs of Staff.

In a few overseas areas, a measure of supply unification is achieved by vesting major logistics support responsibilities in that branch of the service which has predominance in terms of personnel or strategic operations. Thus in the Philippines an Air Force depot under the control of the Far Eastern Air Matériel Command provides logistics support for all Air Force and Army units in the Philippine area and furnishes the Navy with petroleum products.

The subcommittee observes at this point that uniformity in supply items and procedures would greatly facilitate the vesting of complete supply responsibility in the predominant service for any given theater. Unnecessary variations in requisition forms, computation of stock levels, etc., among the services only complicate the process. The subcommittee is convinced from the testimony it received that inter-

service accounting and other procedures need not be a problem in assigning complete supply responsibility to one service in a theater of operations.

The Japanese Logistical Command, which contributes to the support of the Eighth Army in Korea, has under its control numerous depots of the Army technical services and also engages in a wide variety of supply and supporting service operations related to the occupation, which, in the words of a military officer, "run the whole gamut from ports to baby boots."

The Japanese Logistical Command has centralized procurement for all the Army technical services and offers its procurement services to Navy and Air Force units in the theater. These services are utilized by the Navy and Air Force only to a limited extent.

Noticeable is the tendency on the part of the military services to achieve a higher degree of unification the closer they are to the scene of combat. In the case of the Army quartermaster depot at Pusan in Korea, as one military officer described it and as the subcommittee observed on the spot:

* * * all quartermaster supplies are received through the depot without any reference to requisitions from Air Force, Navy, Marines, United Nations troops other than the United States Army itself. All supplies come in from a common stock; all supplies are distributed as needs are developed by all United Nations troops who are entitled to a part, by Air Force, and all the other elements of the command, including the Navy to such an extent as the Navy places requirements.

Under the National Security Act of 1947, as amended, the Joint Chiefs of Staff are directed among other things to establish "unified commands in strategic areas." To the extent that such commands have been established, there has been lacking the equivalent unification in logistics support. The subcommittee found ample evidence around the world of duplications in stocks, personnel, and facilities. In response to a specific query put by the subcommittee to General Eisenhower at SHAPE he replied:

* * * I am convinced that more unification is needed in logistical matters in all theaters. To my mind, the senior United States commander in any theater—be he of the Army, Navy, or Air Force—should have responsibility and powers for the over-all coordination of logistics and the exercise of all possible economies in common items or common supply functions.

It is the subcommittee's experience that top American commanders in overseas areas are not especially concerned about Pentagon politics and conflicts back home over the division of duties and organization respecting supply matters. In discharging the responsibilities that weigh heavily on their minds, the theater commanders are concerned mainly that the supply lines flow smoothly and that adequate stocks are at hand and ready for use regardless of what authority provides or transports them from the zone of interior.

As the subcommittee noted in a previous report, the concept of "responsiveness to command" is customarily offered by the military departments in justification for separate supply pipelines. It is necessary to define the "command" to which supply should be "responsive." Such a concept properly justifies unified supply organizations in theaters under unified command. That is to say, once the theater command is established, logistics support must be organized and adapted so as to be responsive to the over-all requirements of that com-

mand rather than to the separate command channels of the three military departments.

There are three major areas where substantial standardization must be accomplished before responsiveness to unified command, with its concomitants of flexibility, effectiveness, and economy, can be realized. They are:

1. Standardization of the numbering and nomenclature used in identifying and handling each item (cataloging).
2. Standardization of the design of items used by two or more military departments (item standardization).
3. Standardization of the physical handling and paperwork procedures whereby all items, common and technical, are processed through the pipeline from producer to ultimate consumer.

Standardization of the numbering system and nomenclature used in describing, recording, and handling each item has been discussed at length in congressional hearings and reports on the Federal cataloging program. Uniform cataloging is basic to any supply unification in the military departments.

Standardization of the design of items used by the military forces reduces the number of items procured, stored, and issued; reduces the over-all stock of each item by permitting greater flexibility in drawing upon stocks of all services; and allows a using service or activity more readily to absorb the excesses generated by another, thus cutting procurement requirements and at the same time reducing surplus disposals. The process of design standardization is greatly facilitated by complete identification through cataloging.

Standardization of the physical handling and paper-work procedures used for all items in the procurement and distribution network—the basic procedures and forms now used routinely for both common-use items and items peculiar to a single department—has been under study for 4 years by the Munitions Board without any discernible results in the field. That such standardization, or uniformity, of forms and procedures is practical and desirable has been demonstrated by progress made in the Navy and Air Force supply systems. But instead of working for uniformity among the Armed Forces, each service continues to develop its separate system without attempting concurrently to standardize its forms and procedures with those of the other two departments. Ready flexibility among the Armed Forces or responsiveness to unified command is thereby frustrated.

The obstacles to achieving supply unification overseas reach back to the same departmental and technical service arrangements in the United States which work against over-all supply unification. Under the prevailing "separate department" philosophy of the National Security Act, the Secretary of Defense has hardly begun to explore the enormous possibilities for eliminating unnecessary overlapping and duplication. The Munitions Board as the staff arm of the Secretary to study and recommend supply unification measures, has not proved to be very muscular. Although the Chairman of the Board advised the subcommittee that he had sufficient authority, and could get more from the Secretary of Defense if needed, to discharge his responsibilities, the results to date have not been impressive. During the past 6 years no less than seven civilian Board chairmen or acting chairmen have

paraded through that institution. By the time each one begins to get a glimmering of the intricacies of the Department of Defense he resigns either in frustration or to pursue other callings of greater promise. With departmental officials on the Board carefully watching every move of the Chairman, he has appeared at times to be a rather pathetic figure trying to stay on top of a situation which he cannot control. Directives have been issued in profusion, but the vast military bureaucracies continue relatively undisturbed and frequently operate in ways unknown to the Chairman of the Board, or to his superior, the Secretary of Defense. The cardinal principle of civilian control over the military is vitiated in the process.

In an earlier report the subcommittee analyzed the role of the Munitions Board and recommended that it be strengthened and its authority clarified. The subcommittee has now come to believe that the functions of the Munitions Board as well as those of the Secretary of Defense should be reorganized so that these offices may perform a more vital and effective role in supply unification.

In accord with General Eisenhower's recommendation, the Secretary of Defense should be vested with all necessary authority to improve and integrate military supply systems; and intervening or independent layers of authority in this field should be removed.

The position of Assistant Secretary of Defense for Supply should be created, this officer by direct delegation from the Secretary to assume all functions of the Munitions Board, or to act as Chairman of the Board. The primary mission of the Assistant Secretary for Supply should be to work out, under the direction of the Secretary of Defense and without hindrance by the departmental representatives, a comprehensive program to integrate common supply and service activities among all military forces, including the recruitment and training of a professional corps of supply personnel in the Department of Defense, the development of standardized defense-wide procedures and forms, unified procurement, the establishment of common depots and other common supply and service installations throughout the United States, and the development of unified logistics organizations overseas. In this capacity the Assistant Secretary of Defense for Supply should have advisory assistance from the three military departments.

The subcommittee believes that this office can be established under existing legislation, but that an evaluation of the legislation should be made and amendments enacted to remove any legal doubt as to the intent of Congress or the authority of the Assistant Secretary of Defense for Supply to achieve the objectives indicated.

This recommendation for an Assistant Secretary of Defense for Supply accords generally with that made by General Eisenhower in response to a specific subcommittee inquiry, with the qualification that General Eisenhower opposed having the Assistant Secretary's powers and detailed duties prescribed by legislation.

The General also adjured the subcommittee to make haste slowly, proposing that the Secretary of Defense under revamped authority and the Assistant Secretary for Supply be allowed to live with their jobs for 3 or 4 years before considering further legislation in the supply field. The subcommittee appreciates the difficulty of the task of achieving unification in this phase of military activities, but we be-

lieve that haste has been made too slowly since the enactment of the so-called unification law 5 years ago. Similar cautionary utterances were made from the very beginning. Slowness, in the subcommittee's opinion, has become dilatoriness. Bad practices have congealed at tremendous cost to the taxpayers of this Nation. The time has come to project a major step forward.

In emphasizing the need for a civilian official in the Department of Defense who will devote his time and attention exclusively to integrating common procurement and supply activities throughout the military establishment, the subcommittee does not propose that a so-called fourth service or department of supply be established. General Eisenhower made plain his opposition to an organization of that nature and the subcommittee has no desire to rehash an old debate. At the same time the subcommittee strongly believes that a more effective organizational base must be given to the Secretary of Defense for discharging his responsibility and duty to eliminate overlapping and duplication within and among the military departments.

In a review of the unification law and the proposed reorganization of the Secretary's functions, the relationship of the Secretary to the Joint Chiefs of Staff will have to be carefully considered. The huge demands made on the Nation's resources for military consumption by our own forces and those of our allies, are decreed in effect by the JCS, and "military effectiveness" is held up as the measuring stick of supply organization and procedure. The fact that the members of Joint Chiefs of Staff represent their respective departments, as well as the JCS to which specific statutory functions have been assigned, creates a drag of resistance to supply integration among these departments. The Munitions Board has departmental representatives contributing to the same drag. The subcommittee believes that the Secretary of Defense must have, and be able to assert, the requisite authority in the interest of effective supply management.

Relative to a subcommittee question on the relationship of the Joint Chiefs of Staff to the Secretary of Defense, General Eisenhower offered no observations.

The subcommittee feels that the practice of vesting military officials with departmental as well as defense-wide responsibilities has been carried to extreme lengths. The multiplicity of positions assigned to some military officials in the complex interlocking arrangements within the military bureaucracy sometimes makes it difficult to determine what job is being done and what hat is being worn. When these interlocking duties are projected on the international scene, as described in section III, the organizational arrangements truly present a maze of confusion.

SECTION II. AIR FORCE EXPANSION OF SEPARATE SUPPLY SYSTEM

As indicated in the preceding section, the subcommittee has ample evidence that the Air Force is planning or preparing to withdraw common items of supply from Army channels throughout the world and to construct or lease additional depot facilities to handle these items.

In its report issued last June the subcommittee had adjudged these moves toward triplication—toward establishing a completely separate

pipeline of supplies—a needless burden on the taxpayers. The subcommittee recommended:

All expenditures of funds and utilization of personnel directed toward planning, developing, or implementing such an independent supply system for the Department of the Air Force should be terminated immediately, and a report to that effect will be requested from the Secretary of Defense.

The meaning of a third independent pipeline of supplies in terms of added cost is brought home by a simple illustration offered to the subcommittee in connection with a discussion in Germany of the Air Force supply system. On the assumption that an Air Force depot in Europe issues 1 can of paint a day to a user in the field, 335 cans of paint must be stocked or moving in the pipeline. To supply each of the hundreds of thousands of individual items to troops and personnel in the field requires that the long pipeline stretching from the zone of interior to overseas theaters be filled according to carefully worked out schedules of timing—so many days to requisition, so many days to fill orders and transport supplies, so many days to place them in the hands of using troops.

Each military station overseas must maintain a stock level of each item sufficient to meet normal as well as emergency demands. Each overseas depot must maintain proportionately greater stock levels to keep the stations supplied. And each depot in the zone of interior filling requisitions must have still greater levels of stocks on hand, replenished by new procurements which must take into account lead time for manufacture and initial delivery. The enormous expansion in volume of supplies procured, stored, shipped, re-stored, and issued is obvious when the Army and the Air Force operate their separate supply systems for items used by both.

An indication of what parallel pipelines mean in terms of manpower is the estimate made for the subcommittee in Germany that military and civilian personnel involved in operating the Army supply pipeline from the zone of interior to the European Command depots (Germany and France) alone, as of October 31, 1951, totaled 36,771 (the large majority of these were German civilians).

The subcommittee was advised authoritatively that expansion of the Air Force supply system to include common-use items heretofore supplied by the Army constitutes one of the significant areas of unnecessary expenditures. Accordingly the subcommittee members devoted a considerable portion of their time and attention to this matter in the investigations abroad and at home. An account of the data in the subcommittee's record and the subcommittee's efforts to prevent unnecessary expansion are set forth at some length for the information of the Congress and officials in the Pentagon in view of the importance attaching to the matter.

In an endeavor to comply with the spirit if not the letter of the above-quoted and other recommendations of the subcommittee, Secretary of Defense Lovett issued a directive dated July 17, 1951, purporting to clarify and amplify supply policies formulated in a previous Department of Defense directive and to delineate more clearly the delegation of authority and the assignment of responsibilities among the Munitions Board, the Joint Chiefs of Staff, and the military departments. In enunciating policies to govern the sup-

ply systems of the three military departments, a portion of the directive stated as follows:

(5) As part of the implementation of the above basic policies it is specifically desired that—

(a) Any expansion of the existing supply systems for the procurement and distribution of classes of common items of supply, *not already agreed upon*, shall be made by a military department only if in consonance with paragraph 4 (b)²² above and if approved by the Secretary of Defense. [Italics supplied.]

The phrase “not already agreed upon” is italicized, because later it developed that agreements of one sort or another already existed for the separation and transfer of a broad range of common-use items from the Army to the Air Force; consequently, the Secretary’s directive was rather hollow and misleading.

In the hearings of July and August 1951 on Federal Supply Management, the subcommittee inquired into the matter of the Air Force supply system and the significance of the July 17, 1951 directive.

Secretary Lovett, in explaining the intent of the above-cited provision in that directive, stated as follows:

The policy is that where the existing system—and by “existing system” we mean that currently in effect—provides the military effectiveness in these items of supply, that will be continued, and before an additional duplicating system is established, justification for it must be made on the grounds that are given here in sections 4 and 5 as regards implementation.

At another point the Secretary stated:

Back of the whole thing is the test of military effectiveness of any supply system.

He said that the Joint Chiefs of Staff, as “advisers” to the Munitions Board, determine what constitutes military effectiveness.

Secretary Lovett took issue in part with the subcommittee’s recommendation in House Report 658 against the creation of a completely separate supply system for the Air Force, asserting that some common items might well go into the Air Force system for greater effectiveness. At this hearing, Maj. Gen. William O. Reeder, Deputy Assistant Chief of Staff, G-4, noted that separate inventories of Army and Air Force stocks were being kept so that each department would know its stock position in relation to budgetary requirements.

Questions were raised by subcommittee members as to the significance of the so-called Eisenhower-Spaatz agreements made upon the passage of the National Security Act of 1947 and outlining the policies to be followed in establishing the Air Force as a separate military department. Secretary Lovett referred to the Eisenhower-Spaatz agreements as exceptions to his July 1951 directive, leaving the implication that the division of certain supplies between the Army and the Air Force was contemplated by those agreements and was not to be interrupted.

The Under Secretary of the Army (Archibald S. Alexander) offered the interpretation that the July 1951 directive did not undo what had already been done with regard to the separation of stocks. He stated that he did not construe the Eisenhower-Spaatz agreements to mean a

²² Paragraph 4 (b) provides as follows: “The supply systems developed shall be such that the combat efficiency of the armed services as a whole is the most effective which can be obtained within the limits of available personnel, funds, matériel, and legislative authority, and the procedures and methods of operation for the system of supply practicable for war will govern techniques used in time of peace.”

future turning over of supply functions not already turned over to the Air Force, and stated his belief that Secretary Lovett intended that nothing henceforth could be turned over except with his (Lovett's) approval.

The Assistant Secretary of the Air Force (Roswell L. Gilpatric) expressed his partial disagreement with Mr. Alexander's testimony. He noted a recent agreement between the Air Force and Army Quartermaster Corps whereby the storage, maintenance, and issue of certain supplies overseas would be transferred to the Air Force over a period of time. Mr. Gilpatric stated:

That agreement has been made, and it was some time before this directive, and it was not my understanding that that program would be stopped. It has already been approved by the Secretary of Defense.

After Mr. Gilpatric's statement on the turn-over, Mr. Alexander amended his testimony to express agreement and stated he meant only future arrangements would have to be approved by the Secretary of Defense.

Mr. Gilpatric emphasized that the Air Force intended to continue to utilize the other services for procurement and cited the Munitions Board's activities in making procurement assignments. He noted also that in theaters or areas where the Air Force was predominant it performed supply functions for all the services. He estimated that there were 400,000 technical items unique to the Air Force, which required personnel and facilities to purchase, issue, and maintain. Furthermore, he felt that the handling and distribution of common use items properly should come within the Air Force supply system. He noted that over a period of several years, beginning with the Eisenhower-Spaatz agreements, the Army and Air Force had worked out various areas of supply for Air Force storage and issue. Clothing was cited as an example. He asserted that there were joint regulations concerning Air Force assumption of clothing supply, which regulations had been approved by the Secretary of Defense. Any intention or agreement to overlap or take away from services performed by the Army was vigorously denied.

Commenting on Secretary Lovett's directive, Mr. Gilpatric stated:

There will be no effort on the part of the Air Force to overlap what is already being done by the other services, unless there is a demonstrable saving in cost, a demonstrable increase in efficiency, and an approval by the Secretary of Defense of that particular arrangement.

In response to a question as to whether the Air Force planned to set up an engineering corps, Mr. Gilpatric replied:

No, sir; we have no plans for that *at the moment*. We do need aviation engineers in conjunction with our airfield installations. [Italics supplied.]

He denied that such engineering facilities would be duplicative of the Army engineers.

In the field of medical supplies, subsistence, and ammunition, he stated that there was no present intention of an Air Force take-over.

In justification for the arrangements already made, Mr. Gilpatric asserted that the Air Force had an entirely different kind of operation from that in World War II.

The Chairman of the Munitions Board (John D. Small), in commenting on the subcommittee's recommendations relative to the Air Force supply system, repeated the pertinent portions of Secretary

Lovett's July 1951 directive and stated that the Munitions Board's responsibility was clear in that field. He advised the subcommittee that the Munitions Board staff had been assigned to work with representatives of the three military departments to determine the feasibility of assigning single service procurement and distribution responsibilities. Medical supply was cited as first on the list. Mr. Small observed:

I do not believe it will be necessary for the Air Force to extend its supply system in the common-item field if existing systems will support the Air Force adequately.

(It later developed that Mr. Small was not informed of Army-Air Force policy agreements with respect to transfer of supplies, in this appearance before the subcommittee.)

Under Secretary of the Army Alexander, supplementing his testimony of July 19, 1951, before the subcommittee, furnished additional information on various questions raised by subcommittee members and copies of the Eisenhower-Spaatz agreements and related documents pertaining to the division of Air Force functions.¹³

Before further discussion of the separation of Air Force functions, the subcommittee wishes to make it clear that in creating a separate Department of the Air Force, the National Security Act of 1947 specifically contemplated that a series of reorganizations would take place to withdraw from the Army a bundle of activities relating to the Air Force. Section 207 (f) of the National Security Act of 1947 provided as follows:

So much of the functions of the Secretary of the Army and of the Department of the Army, including those of any officer of such Department, as are assigned to or under the control of the Commanding General, Army Air Forces, or as are deemed by the Secretary of Defense to be necessary or desirable for the operations of the Department of the Air Force or the United States Air Force, shall be transferred to and vested in the Secretary of the Air Force and the Department of the Air Force: * * * *And provided further*, That, in order to permit an orderly transfer, the Secretary of Defense may, during the transfer period hereinafter prescribed, direct that the Department of the Army shall continue for appropriate periods to exercise any of such functions, insofar as they relate to the Department of the Air Force, or the United States Air Force or their property and personnel. Such of the property, personnel, and records of the Department of the Army used in the exercise of functions transferred under this subsection as the Secretary of Defense shall determine shall be transferred or assigned to the Department of the Air Force.

Section 208 (e) provided further:

For a period of two years from the date of enactment of this Act, personnel (both military and civilian), property, records, installations, agencies, activities, and projects may be transferred between the Department of the Army and the Department of the Air Force by direction of the Secretary of Defense.

Mr. Alexander called the subcommittee's attention to a War Department publication, dated September 15, 1947, entitled "Army-Air Force Agreements as to the Initial Implementation of the National Security Act of 1947."

In a memorandum of that date to all Army and Air Force personnel, Secretary of War Kenneth C. Royall had noted that the Army-Air Force agreements numbered more than 200 and were being sub-

¹³ See subcommittee hearings on Federal Supply Management, July-August 1951, pp. 69 ff.

mitted to the Secretary of Defense. All interested agencies were thereafter to be advised of the extent to which the Secretary of Defense approved such agreements in order that they could be implemented as so approved. These were the agreements reached between the War Department and Air Force staffs at the direction of General Eisenhower and General Carl A. Spaatz, Chiefs of Staff respectively for the Army and the Air Force.

In a memorandum to the Secretary of Defense, also dated September 15, 1947, Secretary of War Royall had stated that he and Secretary of the Air Force Stuart Symington had reviewed jointly the report submitted by the Chief of Staff, United States Army, as to the "agreements reached between the War Department and the Army Air Forces relative to the initial establishment of the United States Air Force separate from the United States Army," stating that the agreements were practical and would be proved sound by experience. Secretary Royall recommended that the Secretary of Defense approve the agreements and direct their implementation by the two departments.

Chief of Staff Eisenhower, in forwarding the report of agreements to Secretary Royall, had stated that the report was submitted in accordance with the oral instructions of the Secretary of War, issued upon the passage of the National Security Act of 1947. He said the agreements were based upon various studies instituted by the War Department and were in consonance with the testimony given before the Congress in support of the National Security Act of 1947 by former Secretary of War Robert Patterson, Mr. Royall, Mr. Symington, General Spaatz, and himself. He noted that General Spaatz and he were in complete accord and recommended that the agreements be forwarded to the Secretary of Defense for approval and subsequent implementation by the departments.

The first section of the Eisenhower-Spaatz agreements addressed itself to a "basic policy agreement." Under the heading of "service support" the following basic policy was enunciated:

Service support of the Air Force by the Army will continue substantially as now constituted. Each Department will make use of the means and facilities of the other department in all cases where economy consistent with operational efficiency will result. Except as otherwise mutually agreed upon, cross-servicing and cross-procurement as now in effect will continue until modified by the Secretary of Defense.

With regard to ground troop support ("organic services"), the basic policy agreement declared that service units which were an organic part of an Air Force group or wing would in general be Air Force units; whereas units which performed a service essentially common to the Air Force and the Army, such as engineer battalions or signal companies, would in general be Army units attached to the Air Force for duty.

Section V of the Eisenhower-Spaatz agreements covered logistics functions (service, supply, and procurement). The general policy in this field was stated to be:

Each department shall make use of the means and facilities of the other departments in all cases where economy consistent with operational efficiency will result. Except as otherwise mutually agreed upon, cross-servicing and cross-procurement as now in effect will continue until modified by the Secretary of Defense.

After reciting agreements on various services such as hospitalization, transportation, and communications, the section states the following with regard to "maintenance and supply activities":

9. *Distribution of supplies.*—(a) The distribution system now serving the Army and the Air Forces will remain in effect until modified by mutual agreement or by the Secretary of Defense, except that supplies and equipment now in the actual possession of the Army Air Forces will be released to Air Force control under the provisions of Public Law 253.

(b) Supplies and equipment procured by one department for the other will be earmarked for the using service and carried in stock as credits, subject to user demand. Through the fiscal year 1949, the Army will continue to provide the Air Force with supplies and equipment from existing stocks in accordance with current policies and practices except as modified by mutual agreement.

(c) Prior to the preparation of the fiscal year 1950 budget the Air Force and the Army will collaborate in the analysis of stock control accounts, of stocks on hand or under procurement, including war reserve matériel, which were procured for or in support of the Army and/or Air Force, in order that such stocks can be equitably allocated to the Army and Air Force and taken into proper consideration in preparation of the budget. After appropriate allocation these stocks will be earmarked for the using service and carried in storage as credits to user demand.

10. *Maintenance*—(a) Organization maintenance and field maintenance at and below installation level will be performed by each Department.

(b) Base maintenance (depot maintenance in Army Air Forces) of all items (peculiar and common) will normally be performed by the Department having procurement responsibility except that base maintenance responsibility in specific areas and for specific items may be otherwise assigned by mutual agreement or by direction of the Secretary of Defense in the interest of economy and efficiency.

The section further recited that the Air Force should have complete procurement responsibility for all items of matériel and supplies then assigned to the Air Force for procurement. It was contemplated that from time to time procurement responsibility for specific items or categories would be additionally assigned to the Air Force by the Munitions Board.

Although the Eisenhower-Spaatz agreements appeared to maintain or even encourage common service and supply functions performed by the Army for the Air Force, the actual text of the agreements allowed leeway for subsequent modifications by agreement between the two departments or by direction of the Secretary of Defense. As for the allocation of stocks between the two departments, the Eisenhower-Spaatz agreements did not go beyond the preparatory stage of dividing assets for accounting and budgetary purposes. They did not project the planning to the point of the physical separation of stocks. Later the subcommittee elicited from General Eisenhower at SHAPE the following explanation of the original intent of the Eisenhower-Spaatz agreements:

Gentlemen, you have asked me what I had in mind, so far as common supplies are concerned, when General Spaatz and I made what you refer to as the Eisenhower-Spaatz agreement several years ago when I was Chief of Staff of the Army. That's a broad question, but I believe I can give you a simple answer by saying that when General Spaatz and I served together during the last war we frequently discussed ways and means of reducing what we believed to be a waste of supplies and of manpower through duplication of effort between the services. I reached the conclusion, and I am sure that he did also, that something had to be done to provide a system under which each service and each force could have all that it needed for its operation without a lot of duplicating hospitals, depots, and other supply overhead. I felt that much could be done to improve the situation that existed in the services at the end of the war. Consequently, when Spaatz and I talked things over in Washington after the war,

we agreed that the policy on which the Army and Air Force supply and service arrangements should be based would be that of common service to the greatest possible extent. The so-called Eisenhower-Spaatz agreement was intended to implement that agreement on basic policy.¹⁴

Since you are primarily interested in common-supply items and common services, I can illustrate some of the things I had in mind in giving you a few examples. Take blankets and bed sheets, for example. I saw no reason why there should be numerous types, sizes, and specifications for those things. I believed that a good blanket could be bought by the Department that would serve the needs of all departments, and so could a good sheet. There was no need to have a number of different sheets or different blankets merely because some were needed, for example, in barracks, others in hospitals, and others on ships. Mops, brooms, soap, and other ordinary supplies are also good examples. In the same way, I could see no good reason why bread baked in an Army bakery could not be eaten by Air Force men, and vice versa. This same reasoning can be applied to the majority of commonly used equipment, such as rifles, et cetera. Mind you, I am referring now only to items and services that have some common use, and not to the technical items which are limited in use to one service.

Secretary of Defense Forrestal, by memorandum dated October 14, 1947, to the Secretary of the Army and the Secretary of the Air Force, had noted that some question had arisen as to the status of the Eisenhower-Spaatz agreements dealing with the initial implementation of the National Security Act. He recalled that the Secretary of the Army in a memorandum to him dated September 8, 1947, had stated in part as follows:

I realize that it is impossible, at this time, to determine with any certainty that these agreements are final ones in any sense. Only further detailed planning, implementation, and practical operation can justify a final determination as to the functions of the two Departments.

Secretary Forrestal also called to the attention of the two departmental Secretaries that the memorandum from which he quoted was referred to with approval by them in their joint memorandum of September 22, 1947, transmitting Transfer Order No. 1.¹⁵

¹⁴ At the hearings before the House Committee on Expenditures on H. R. 2319 (National Security Act of 1947), General Spaatz gave the following testimony on Army-Air Force supply relationship (see p. 331 of the hearing):

"Mr. WADSWORTH. Looking into the picture of the future, General, with the establishment of a separate Department of Air, is it your opinion—and of course one can only express an opinion concerning the future—that the furnishing of supplies which are common, we will say, to the ground Army and the personnel of the Air Corps, will still be done by the Quartermaster General?"

"General SPAATZ. Yes, sir. It is my opinion that cross-servicing and cross-procurement will be entirely practicable and efficient, providing that there is a single department and a head that we can go to so that we can be assured that the services we should get will be given us.

"Mr. WADSWORTH. In other words, you do not visualize the establishment of an office such as the Office of Quartermaster General in the Department of Air?"

"General SPAATZ. No, sir. We will depend upon the Quartermaster Corps for the procurement of our quartermaster supplies.

"Mr. WADSWORTH. And the same observation might hold true with respect to the Ordnance Department?"

"General SPAATZ. Yes, sir, and the Signal Corps.

"Mr. WADSWORTH. Of course, you have special requirements in the field of ordnance in connection with which you would be very active, but normally the supply of ordnance material would come from the source from which it is coming now?"

"General SPAATZ. Yes, sir.

"Mr. WADSWORTH. You do not anticipate any duplication in that?"

"General SPAATZ. We do not. There is no intention to establish duplicating services in the Air Force."

¹⁵ Transfer Order No. 1, approved by the Secretary of Defense on September 26, 1947, transferred "certain functions, personnel, and property from the Department of the Army to the Department of the Air Force" and provided, among other things: "Pending promulgation of further orders, those functions now being performed by the Department of the Army and the U. S. Army for the Army Air Forces and the personnel thereof shall continue to be performed by the Department of the Army and the personnel thereof shall continue to be performed by the Department of the Army and the U. S. Army and the personnel thereof shall continue to be performed by the Department of the Air Force for the Department of the Army."

Finally, Secretary Forrestal noted that, at a press conference of September 23, 1947, he had stated that he had "given my approval to the general framework and intent of the agreements," but that the agreements were not final and were subject to interim adjustment.

The Secretary concluded:

I feel sure that it is clear to the three of us that it is the intent of all concerned that the agreements do not by themselves transfer any functions, property, personnel, records, et cetera, from the Army to the Air Force and despite any language that may appear in the printed agreements, appropriate orders as required by the National Security Act of 1947, of which transfer order No. 1 is an example, will continue to be required in order to put the agreements into effect.

Mr. Alexander, in submitting to the subcommittee the documents and agreements referred to above, noted that basic implementation of these more than 200 agreements was accomplished in 40 Department of Defense transfer orders and eighty-odd joint Army-Air Force adjustment regulations. He asserted that these orders and regulations were highly technical in nature and in many cases consisted largely of lists of statutes covering the functions being transferred.

Most of the joint Army-Air Force adjustment regulations, having served their purpose, were said to be rescinded and absorbed in various regulations of both services.

The 40 Department of Defense transfer orders promulgated at varying periods between 1947 and 1949 effected, step by step, the withdrawal of Air Force functions from the Army to the new Department of the Air Force. The transfer orders each in turn usually directed each department to perform functions for the other not yet transferred, until later transfers were agreed upon by the Secretaries of the two departments. Whenever a function was transferred, the order generally provided that related personnel, property, records, activities, projects, et cetera, be likewise transferred, as jointly determined to be necessary by the two Secretaries.

Transfer order 32, effective March 26, 1949, transferred from the Department of the Army to the Department of the Air Force all Army quartermaster functions insofar as they pertained to the Air Force. Each Department was directed to utilize the services of the other in the field of quartermaster activities to the extent presently utilized, "subject to such adjustments as from time to time are jointly determined to be necessary by the Secretaries of the two Departments." This was the last transfer order signed by Secretary Forrestal.

Transfer order 39, effective May 18, 1949, provided in part as follows:

1. a. In addition to that personal property heretofore transferred to the jurisdiction of the Department of the Air Force by Transfer Order No. 6, National Military Establishment, all matériel, supplies, equipment, and other personal property of the Department of the Army now on the accountable records of the Department of the Air Force or the United States Air Force or its organizations and installations, are hereby transferred from the jurisdiction of the Department of the Army to the jurisdiction of the Department of the Air Force.

b. All matériel, supplies, equipment, and other personal property of the types or kinds used by both Departments either currently available or to be received through procurement from funds committed or obligated prior to 30 June 1949, will be equitably allocated by and between the two Departments not later than 30 June 1949 in such manner as the two Secretaries may jointly determine. No

property will be moved solely because of this order. It will be held by the procuring department, subject to withdrawal by the department to which the jurisdiction of the property is allocated.

2. There are hereby transferred to and vested in the Secretary of the Air Force and the Department of the Air Force, insofar as they may pertain to matériel, supplies, equipment, or other personal property which comes under the jurisdiction of the Department of the Air Force, all functions, powers, and duties which are vested in the Secretary of the Army or the Department of the Army or any officer of that Department by the following laws, parts of laws, and Executive Orders, as limited by other laws, parts of laws, and Executive Orders, whether or not specifically set forth herein * * *.

3. The Department of the Air Force will utilize the services of the Department of the Army and the Department of the Army will utilize the services of the Department of the Air Force for such types of services in the field of storage and distribution of personal property as are presently performed by one for the other, subject to such adjustments as from time to time are jointly determined to be necessary or desirable by the Secretaries of the two Departments. *This approval does not constitute authority for the Department of Air Force to construct new or additional depot storage facilities for items of supply common to the two services without prior approval of the Secretary of Defense.* [Italics supplied.]

In connection with transfer order 39, Secretary of Defense Johnson issued a memorandum dated May 18, 1949, to the Secretaries of the Army, Navy, and Air Force and the Chairman of the Munitions Board which noted that transfer order 39 "gives legal status to the Air Force for its supply operations with the same degree of equality as exercised by the Army and the Navy." The memorandum then continued:

Time would not permit the development prior to July 1949 of an adequate supply system for common items of supply among the three departments. Therefore, the approval of that part of this transfer order relating to the administration of the supply system is considered by me as an interim measure.

The Munitions Board will develop in conjunction with the three departments the most practical supply system for common items of supply. This system should provide for adequate cross-servicing among the departments with a minimum of overlapping and maximum of efficiency and economy in the handling of items of supply common to two or more departments. The Munitions Board will develop and submit to me for approval not later than July 15, 1949, the assumptions on which the supply system will be established.

The Secretary's request to the Munitions Board resulted in the directive of November 17, 1949, referred to earlier in this report, which contained the basic assumption that "each of the three military departments will man and operate a supply system."

In connection with the final transfer order (No. 40), Secretary Johnson issued a memorandum dated July 22, 1949, to the Secretaries of the Army, Navy, and Air Force, Chairman of the Munitions Board, Chairman of the Research and Development Board, Chairman of the Personnel Policy Board, and the Joint Chiefs of Staff, which reiterated that the wide range of functions, powers, and duties authorized by the transfer orders "provides the Air Force with a legal basis for operations comparable to that of the Departments of the Army and the Navy." The memorandum then continued:

It was the intent of the Congress in enacting the National Security Act to authorize the grant of a broad legal basis of operations to the Air Force through these transfers. And although the Congress created three separate military departments, it was not its intent to impede the integration of the military operations of the three departments. The efforts of this office, therefore, have always been directed toward achievement of the fullest possible integration, an objective which will be attained more readily now that the activities of all three services are authorized by law to a comparable extent.

In pursuant of this objective, this office will administer the Department of the Army, the Navy, and the Air Force as members of the defense team solely on the basis of the over-all requirements of national defense. The National Military Establishment will thus be able to accelerate the elimination of duplication and overlapping and provide the Nation with a maximum defense as economically and efficiently as possible.

In the briefings preparatory to the overseas investigation, the subcommittee was given a description of the Air Force supply system, with particular reference to overseas operations, by Col. John C. McCawley and Maj. H. H. Steelnack from the Office of the Deputy Chief of Staff (Matériel), United States Air Force. These presentations contained little information on the Air Force plans or program to take over Army-held supplies or to create new storage and maintenance facilities by the Air Force in various theaters. The Air Force representatives did state that in the Pacific area the Air Force was getting most of its quartermaster-type items from the Army Quartermaster whereas "in Europe they are gradually putting some items into the Air Force system." The former system, whereby the Army supplied common-use items to the Air Force, was said to result in duplication and extra costs and was described by the Air Force representatives as a "rather devious system."

In Alaska the subcommittee learned that, in accordance with directives received from the Air Force, the Alaska Air Command would progressively assume responsibility during the fiscal years 1952-54 for depot level storage, distribution, and maintenance of all supplies theretofore provided to the Air Command by the Army except for the distribution of subsistence and medical and petroleum products. It was pointed out that as of October 1, 1951, responsibility for handling quartermaster-type class II items (clothing and equipment) had shifted from Army to the Air Command, which now issued them to Air Force units; and that the separation of stocks had been accomplished in accord with Army Air Force instructions.

Maj. Gen. William D. Old, commanding general of the Alaska Air Command, stated that the assumption of responsibility for issuance of clothing and equipment by the Air Force, had complicated the warehouse problem. Estimates were given to the subcommittee that 54,000 square feet of warehouse space would be required by the Air Force in assuming bulk storage of quartermaster-type items. With the cost for warehouse construction in Alaska estimated at \$15 per square foot, the Air Force would require \$800,000 to warehouse clothing and related items which the Army had been supplying. Another official of the Alaska Air Command indicated that the Air Force had requested funds to build such a warehouse and that he had not seen nor heard of Secretary Lovett's July 1951 directive purporting to halt the expansion of Air Force supply facilities. The point was made that agreement between the Air Force and the Army Quartermaster Corps relative to the transfer had been made previous to July 1951, the initial instructions based on the agreement having been received in May of that year. The subcommittee was advised that the Army warehousing program in Alaska for the next 5 years was based on the assumption that Air Force supply activities would be independent.

Lt. Col. C. S. Kuna of the Army staff in Alaska stated:

That is the trend that has continued for a few years and will continue further to the point where the Air Force will be handling essentially its own supply matters.

The subcommittee was advised by an official of the Army Quartermaster Corps in Alaska that "not too much difficulty" had been experienced in Army issuance of supplies to the Air Force.

In Japan the subcommittee received further indication that the Air Force was continuing to develop a completely self-contained supply system and that it contemplated constructing its own warehouses to withdraw from Army depots the stocks credited to the Air Force. At the time of the subcommittee's visit, this process had been temporarily stopped by a General Headquarters directive because of a shortage of warehouse space.

Brig. Gen. D. H. Alkire, of the Far East Air Force, informed the subcommittee that the directive asking them to plan on taking over Army supplies was very recent and that he had not had the opportunity to delve into its implications. However, he expressed very decided opinions to the effect that a logistics system geared to combat ground forces could not meet Air Force requirements and that the Air Force had been repeatedly and severely handicapped in the Korean operation because of inability to get adequate supplies from the Army. General Alkire estimated that the Air Force in Korea was operating at only 40 percent effectiveness and put the problem in these words:

We have repeatedly been handicapped during this Korean operation because we could not get the things it took to put our ships in the air; not because anybody willfully kept us from it, but because the system was geared to a 60-mile-an-hour tank at best and can't take care of a 600-mile-an-hour airplane.

General Alkire also expressed the opinion that Army supply of Air Force units in the field during World War II was not satisfactory. He denied that an air support system under Air Force control would duplicate supplies, stating that the tonnage was there as needed, whether stored in one warehouse or another. He stated that less than 20 percent—closer to 12 or 13 percent—of the total tonnage to Korea went to the Air Force, and for the Air Force to handle these supplies did not involve setting up another supply system; it already existed.

General Alkire made it plain that his argument was limited to theater operations. He stated:

* * * we don't care how it is procured or how it is distributed to the theater. We are asking here that the material enter the Air Force pipeline when it arrives in the theater. That still permits the commander in chief of the command to divert his resources to anybody that needs them in an emergency or times of distress. For a normal accomplishment of the mission we can be more effective if we have sole supply support.

Colonel Barksdale Hamlett, Chief of the Plans and Operations Division, G-4, Headquarters, Far East Command, stated that from the G-4 viewpoint the problem was one of insufficient supplies for all forces in Korea. He expressed sympathy with the Air Force position but felt that from the standpoint of economy the Army should supply the Air Force. He felt that problems could be worked out in the field with the Air Force but said that this had not been done.

In Korea, Brig. Gen. Paul F. Yount, commanding general, Second Logistical Command, in response to a question from Colonel Hamlett,

denied that there had been any complaints of poor supply service to the Air Force except for one period when transportation was short for all forces.

When the subcommittee took this matter up with General Ridgway, he stated that the assertion of reduced combat effectiveness because of inadequate Army supply to the Air Force was news to him, and he promised to institute an inquiry.

Illustrative of plans in the far eastern theater to withdraw Air Force stocks from Army depots is the text of a May 12, 1951 directive from General Ridgway's headquarters, Far East Command, to the commanding generals of the Japanese Logistical Command, the Ryukyus Command, and the Far East Air Forces on the subject, "Establishment of Air Force Equity in Quartermaster Class II and IV Depot Stocks of Items Common to Army and Air Force." The directive requested each of the commanding generals to "prepare a plan for a split of subject stocks (including pipeline stocks)", and stated that plans at that time should consider only the establishment of separate credits for the Army and the Air Force. Actual assumption by the Air Force of storage responsibilities was to be covered by separate instructions at the appropriate time. The memorandum further stated that it was anticipated that a conference would be held at the Tokyo quartermaster depot toward the end of that month to discuss the finalized plans prepared by the addressees.

On Okinawa the subcommittee learned that considerable confusion and disorganization had resulted from separation of Air Force stocks because "The Army was divested of responsibility at the time before the Air Force was successfully set up to completely administer this program." The difficulties were attributed to the "growing pains of the changing supply lines from Army to Air Force channels." Although a division of assets had been made a few months prior to the subcommittee's visit, the Army still stocked Air Force items. The situation was summed up for the subcommittee by a military officer on Okinawa in these words:

Since unification, the United States Air Force has progressively moved toward establishment of their own separate supply system. Many common items have already been transferred, such as lumber, vehicles, and class II and IV quartermaster supplies. This program is in a transitional stage, and there is considerable confusion and frustration in the supply of transferred items to the United States Air Force areas.

In the Philippines the subcommittee was advised that an Army-Air Force agreement of April 10, 1950, had allocated to the Air Force all items of depot stock common to both departments, with the exception of subsistence, petroleum, and ammunition. Accordingly, the bulk of the supplies stored in the Thirteenth Air Force depot wing in the Philippines were owned by the Air Force. Stocks for Army requirements were not segregated but issued by the depot wing to Army units, for which reimbursement was made by the various Army technical services.

Pursuing this matter further in Germany, the subcommittee was advised by Maj. Gen. A. R. Crawford, of United States Air Force headquarters at Wiesbaden, that the Air Force considered the true test of economy in logistics support not necessarily to be the establishment of a system which in peacetime would operate with the fewest dollars or the fewest people. True peacetime economy in a

system, he noted, was one which would operate most reliably in war and which would give responsible commanders a reasonable control over the means to discharge their responsibilities. General Crawford continued:

This does not imply in any way that the Air Force believes in triplication, that each service must be fully self-sufficient, or that the capabilities of the three services should not be fully meshed into a mutual-supporting whole.

General Crawford felt, however, that the Air Force should not be bound by traditional sources of support if a modification of past procedures would result in a more effective, more responsive wartime system. He stated his recognition that the Air Force could not act unilaterally in this matter and did not wish to; furthermore, that the Secretary of Defense had directed, and the Air Force fully concurred, that there should be no expansion of the existing supply systems for distribution of common items of supply without prior approval of the Secretary, and that his approval would be granted only if it resulted in the most effective combat efficiency of the Armed Forces as a whole and the establishment of an improved and practical system for wartime needs.

Col. Johnnie Dyer stated the Air Force position in these words:

In our estimate, it would be both inefficient and ineffective, especially under war conditions, for the Air Force to be supported by a piecemeal patchwork system that cannot be blended and integrated into one consistent and practical system for our whole area and operating mission.

According to Colonel Dyer "some very serious conflicts" had arisen in the European theater between the Army and the Air Force during the last war over priorities in supply. However, he was unable to give specific examples where Army technical services had failed to give proper logistics support to the Air Force. He also expressed the view that it was essential to have a Corps of Engineers or a group of people qualified in aeronautical engineering construction problems to supply Air Force needs because Army requirements were different.

Colonel Dyer advised the subcommittee that there were no specific directives and no intentions on the part of the Air Force in Europe to take over subsistence, petroleum, and medical supplies.

In response to the question why other common items could not be supplied in a unified operation like petroleum, Colonel Dyer stated that the services could not afford the degree of administrative supervision that must be exercised over petroleum due to its critical nature. He asserted that responsiveness to command was a major but not the sole consideration in supply separation.

In Colonel Dyer's opinion, the establishment of separate Air Force supplies entailed no duplication; on the contrary, duplication, particularly in staff sections of the Army as regards supervising, planning, budgeting, et cetera, arose from the present method of obtaining Air Force stocks from Army depots.

In the course of arguing for a separate Air Force supply system, Colonel Dyer asserted that the Air Force had an immediate requirement for district air support in France, expressing the view that it would be uneconomical because of cross hauls to provide air support from Germany, and that since the Army did not plan to open depots in France, the Air Force required its own system to support its build-up and to prepare for any eventuality. Colonel Dyer also ex-

pressed the view that it would be uneconomical to eliminate depots in Germany because the Army would have the bulk of the strength there, whereas the Air Force would have the predominant strength in France.

Colonel Dyer outlined for the subcommittee the Air Force logistics support arrangements in England, North Africa, and Germany. He asserted that the Air Force had little real control over the support it received from the Army in these areas, and that such support was "impractical and unsatisfactory" as a basis for wartime operations. He noted that a "comprehensive logistic support agreement" among the Army, Navy, and Air Force commanders in Europe had been drafted toward the objective of coordination and mutual support. Subject to approval by the Secretary of Defense, the Air Force would provide its own depot support for items not specifically assigned to another department.

He reiterated his disbelief that the Air Force depot system duplicated Army facilities or functions. To depend on the Army, he said, would be to impose Air Force demands on the Army in areas where the Army has no operating equipment or depot support.

According to Colonel Dyer, the Air Force normally stocked 180,000 to 220,000 line items, of which 60,000 to 80,000 had been obtained from Army depots. In the Burtonwood and Erding air depots an average of 170,000 line items were stocked, 38 percent of which were common-user items.¹⁶ The Air Force occupied 658,000 square feet of space at the Army depots. He said that subject to the approval of the Secretary of Defense, Air Force policy envisaged, and they had been directed to plan on, assuming supply support no later than the following listed dates:

Quartermaster items, excluding rations and petroleum, October 1, 1951.

Chemical, signal, and transportation items, June 30, 1953.

Engineer and ordnance items, June 30, 1954.

It was pointed out that the whole quartermaster-item transfer scheduled in Germany had not been effected, because of the shortage of depot space. The Army still stored some material for the Air Force. The Department of the Air Force had been asked for an early decision so that Air Force officials in the theater might plan and develop necessary depot support for the whole technical service support burden.

At Wiesbaden the subcommittee obtained a copy of an agreement between the Office of the Army Quartermaster General and the Department of the Air Force concerning responsibilities for the storage, issue, and depot maintenance of quartermaster items. The agreement recited the transfers to be completed by October 1, 1951, including progressive cut-off dates and listing various categories of quartermaster items for each date.

The agreement contained instructions for zone of interior and overseas Air Force bases on how to requisition pending the change-over. Among these were—

Simultaneously with zone of interior withdrawal in toto, Air Force overseas depots will withdraw all Air Force equities of items from overseas Army depots in toto as directed by the theater commander or higher headquarters.

¹⁶ In the Philippines where the Air Force is responsible for supplying Army requirements, an Air Force officer gave the subcommittee an estimate that approximately two-thirds of the line items stocked by the Air Force were common-user items.

In connection with the transfer and Air Force storage and maintenance of these items, the Army and the Quartermaster General were directed to assist the Air Force in the preparation of manuals and to provide technical assistance and training facilities. Purchase responsibilities as currently assigned were not to be changed by the agreement. Funds and personnel were to be transferred in consonance with the agreement and as the comptrollers of the two departments agreed. It was stated that the Department of the Air Force would be responsible for budgeting responsibilities required by this agreement beginning with fiscal year 1952. Each department was to implement the agreement by issuance of appropriate instructions to its agencies and commands in both the zone of interior and overseas.

In documentation of Colonel Dyer's testimony on the schedule for Air Force assumption of supply responsibility for all Army technical service supplies, the subcommittee was given a copy of a memorandum, dated June 8, 1951, from Brig. Gen. A. A. Kessler, Jr., Director of Supply and Services, Office of Deputy Chief of Staff, Matériel, United States Air Force; to Commander in Chief, United States Air Forces in Europe. The memorandum stated that the commanding general of the Air Matériel Command had been instructed to plan for the assumption of bulk storage and depot maintenance responsibilities during fiscal year 1953 for Army Transportation Corps, Chemical Corps, and Signal Corps items, and that assumption of the storage and maintenance functions for ordnance and engineer items was being planned for fiscal year 1954. Prerequisite to the assumption of these responsibilities were agreements to be arrived at between the Departments of the Army and the Air Force for each Army technical service concerned. It was anticipated that these agreements would follow the pattern of the Quartermaster-Air Force inter-service general policy agreement, dated February 23, 1951. General Kessler's memorandum further stated:

To achieve the goal outlined * * * on a world-wide basis, it is requested that the necessary studies be made and plans prepared for the assumption of these functions in your theater. It is further requested that the estimates of funds required for personnel, facilities, and operations for this project during fiscal year 1953 be prepared so that they can easily be included in your plans and estimates when called upon to do so. Copies of your plans and estimates will be furnished this headquarters for review.

Enclosure 1 to General Kessler's memorandum was a memorandum for the Chief of Staff from Assistant Secretary of the Air Force Eugene M. Zuckert, dated April 13, 1951, which amended policy laid down April 26, 1950. The earlier policy had limited Air Force assumption of responsibility to those items either (a) Navy procured, or (b) purchased by Army but for which a counterpart was already included in the Air Force depot system. The Zuckert memorandum continued:

Beginning with the fiscal year 1952 it will be the policy of the Air Force to begin assuming storage, issue, and maintenance responsibility for all items of supply required by the Air Force. Such new responsibilities will not contemplate procurement functions. Further, there will be excluded ammunition, subsistence, medical supplies, and such other classes as may be agreed upon on an inter-departmental basis.

Assumption of any new responsibilities of this nature will be on a planned and phased basis. In each instance, approval will be secured both from yourself and the undersigned prior to implementation.

Enclosure 2 to the Kessler memorandum was a copy of a memorandum from General Kessler to the Commander in Chief, United States Air Forces in Europe, dated March 13, 1951, which recited the policy contained in Mr. Zuckert's memorandum to the Chief of Staff, and added:

The goal of this headquarters is to complete the assumption of bulk storage and depot maintenance responsibilities from the Department of the Army by the end of fiscal year 1954. In view of the magnitude of the task we are attacking the problem piecemeal, that is, technical service by technical service.

It was noted that Mr. Zuckert had authorized the Air Force to include in the fiscal year 1952 budget, estimates of the moneys required to assume bulk storage and depot maintenance responsibilities for those Army-purchased quartermaster items which the Air Force required; and that current plans were to budget for the bulk storage and depot maintenance of the items presently being bulk stored and maintained by the other Army technical services for the Air Force during fiscal years 1953 and 1954.

General Kessler's March 1951 memorandum also noted that the authority to assume the bulk storage and maintenance responsibilities of Army-purchased quartermaster items resulted in an Air Force-Quartermaster Corps agreement whereby each would assume bulk storage and depot maintenance responsibility for all items needed regardless of purchase assignments or agreements, with the exception of subsistence. The Air Force absorption of the supplies and equipment was to take place on a time-phased schedule by property class. The division of assets was to be made across the board in the overseas theaters, and stock levels were to be established in the Air Force overseas depots to support Air Force units while the Air Force pipeline was being established.

Careful planning and thorough coordination was emphasized to the end that support of the forces would not be impaired. The first draft of a plan prepared by the Air Matériel Command for taking over quartermaster items was enclosed, with the advice that the plan was not final.

The memorandum requested that after the theater headquarters had had the opportunity to evaluate the impact of this transfer in the theater, estimates be furnished for each technical service in the following respects: Number of people required to perform additional functions of depot storage and maintenance; dollars required for supplies and maintenance; storage space required in square feet and information on availability.

Enclosure 3 to General Kessler's memorandum of June 1951 was a TWX, dated March 16, 1950, to the commanding general, United States Air Forces in Europe, ordering all overseas requisitions of common and peculiar (to the Air Force) ammunition for Air Force support to be submitted directly to the commanding general of the Air Matériel Command. The Air Force commands were to store both common and peculiar ammunition, and the transfer of responsibility for common ammunition from Army to Air Force depots was to be accomplished, as mutually agreed by the commands concerned, either by physical transfer or by attrition of Air Force equities, with subsequent resupply to Air Force depots.

At Wiesbaden the subcommittee also obtained the text of the Inter-Service General Policy Agreement Between the Quartermaster General, Department of the Army, and the Department of the Air Force, dated February 23, 1951. The two departments mutually agreed:

That the provisions of this agreement shall constitute the basic principles for providing from sources, *independent one from the other*, the Quartermaster type service, technical staff assistance, and supplies required by the Air Force and the Air Force type services, technical staff assistance, and supplies required by the Quartermaster General, Department of the Army. [Italics supplied.]

The two departments were to participate in cross-servicing, consistent with the requirements of law and regulations and the capabilities of the furnishing department. The agreement was to be implemented by subsequent agreements providing for assumption of supply by the Air Force on a phased program (to be later developed) of responsibility for providing, independently of the Army Quartermaster Corps, its required quartermaster-type items.

Certain enumerated services and supplies were exempted from the policy agreement and were to continue as in the past. These exemptions included subsistence; and services and supply support of the Far East Air Force, in accordance with an agreement between the two departments concerning support of FECOM, dated July 15, 1950, subject to alinement with policies and objectives of the general policy agreement upon the termination of combat operations in FECOM. Also exempted were specific common service assignments by agencies of the Secretary of Defense and the Joint Chiefs of Staff and interdepartmental agreements with respect to single-service purchase, industrial mobilization planning, cataloging and standardization, petroleum supply operations overseas, research and development, et cetera.

Implementing provisions were prescribed. Specified common services, technical staff assistance and supply support were to be terminated and cross-servicing agreements substituted where practical. Temporary continuation of common service operations might be authorized if mutually acceptable to both primary parties "in those instances where an immediate transfer of function would dislocate or jeopardize current operations and activities of the Army or Air Force." Such common services were to be terminated in accordance with the phased program to be developed by the Air Force and Army Quartermaster General as a supplemental agreement.

A memorandum dated November 21, 1951, from the Deputy Comptroller of the United States Air Forces in Europe (USAFE) to Chairman Bonner was submitted in reply to a question as to whether the Air Force budget for fiscal year 1952 covered funds for warehouse space to store technical service items for which USAFE was to assume storage and issue responsibility. That project was not budgeted for 1952. The memorandum added:

However, this headquarters has requested clear-cut decision from the Department of the Air Force on whether or not we are to provide our own depot support for technical service type matériel.

The memorandum stressed the need for proceeding quickly, from an economic and security standpoint, if the function were to be assumed. It was pointed out that during fiscal year 1952 Air Force space requirements in France were 1 million square feet, which

could be met only through lease and rehabilitation. The cost of this project was said to be approximately \$1.5 million for the balance of the fiscal year. The memorandum stated that if the project were approved, it would be necessary to reprogram the revised fiscal year 1952 maintenance and operations budget and increase the 1953 maintenance and operations budget. The memorandum concluded:

To the extent USAFE provides its own depot support, EUCOM requirements will be reduced accordingly since at present adequate facilities are not available for both requirements.

At Giessen, Germany, Maj. Gen. W. H. Middleswart, Chief Army Quartermaster of the European Command, informed the subcommittee that the Air Force was using 400,000 square feet of quartermaster storage space in EUCOM "to preclude duplication of facilities." General Middleswart stated that no complaints had been received from the Air Force that supplies were not delivered to them on time by the Army.

He also told the subcommittee that he saw the Secretary of Defense's July 17, 1951 directive "just a couple of days ago" and was not familiar with what implementing directives had been issued.

According to General Middleswart, the Air Force had requested the Army quartermaster at Giessen to help out with storage space for transferred common items. He pointed out that items thus stored carried Air Force numbers, thereby becoming additional line items for issuing and accounting purposes, creating a very difficult problem. He reported to the subcommittee that the Quartermaster General had estimated a year and a half ago that in connection with the stock split it would cost the Army \$4 million a year to account separately to the Air Force for their stock in Army quartermaster installations.

In sharp contrast to the testimony given by Colonel Dyer of the Air Force, General Middleswart stated that the Air Force had been supplied by the Army Quartermaster in World War II as effectively as the artillery or the infantry.

We furnished them the same type of quartermaster service and supply and in my judgment there was no more difficulty than serving any of the other branches.

In answer to a query by a subcommittee member on the validity of the Air Force argument that the quartermaster depots in Germany could not efficiently serve Air Force personnel in France, the General replied:

In my judgment we could; if we were given the mission, we could actually take care of all forces there, no matter what branch they were.

Commenting on the assertion that the mobility of the Air Force and the strategic nature of its mission entailed different supply requirements, General Middleswart said that during World War II the Army Quartermaster established supply dumps for Air Force units at rail-heads nearest to their troops and fed them supplies even when needed on a 10-15 day replenishment basis, as with the infantry who were at the front. He noted that there were occasional Air Force complaints on common supply in World War II, but no more than from any other branch of the military forces.

Lt. Col. E. P. Flynn, commanding officer of the Army's 7856th Quartermaster Requirements and Distribution Group, stated that the Quartermaster stored and shipped to the Air Force the items which

represented the Air Force equity in their stocks, transferred to the Air Force account at the time of the stock split. Colonel Flynn explained the situation as follows:

When I first came to Giessen a year and 3 months ago, we were requisitioning for the Air Force, and the Air Force stocks of all items across the board, except blue uniforms and peculiar items were brought into our command depots and stocked in an Air Force account. They went into the same pile as the Army stocks, but for purposes of accounting, we maintained two machine accounts, account 11 and account 71. We no longer requisition for the Air Force for class II and IV items, clothing items, and equipage items.

He noted that the transfer of these items started about June 1 and was completed by September 15, 1951, based on the Army-Air Force agreement setting forth a phased program. When the Air Force equity in the Giessen Quartermaster Depot was exhausted, the Air Force troops in Europe would look to the Erding Air Force depot in Bavaria, the Air Force depot at Chateauroux, France, and to Wiesbaden for all Air Force quartermaster requirements.

In reply to the question whether the act of separating quartermaster stocks took place earlier than the period June 1-September 15, 1951 (during which time Secretary Lovett's July 1951 directive was issued) Colonel Flynn stated:

The physical separation and allocation of stock was made a good many months before June 1 of this year.

The subcommittee also received testimony that excess quartermaster storage space at Giessen, upon completion of the new depot at Nahboltenbach, could house Air Force clothing and equipment items if the Air Force did not expand its own facilities.

In Heidelberg, General Thomas A. Handy, USA, Commander in Chief, European Command (CINCEUR), told the subcommittee that the Army could supply the Air Force with common items in that theater except that it would constitute a big job and he did not then know how much Air Force augmentation would take place. He reminded the subcommittee that administratively the three services went to separate places in Washington:

The problem is not all, by any means, on this side of the water.

General Handy made it clear that he was not taking a position one way or the other on the Army-Air Force division of supply responsibilities but pointed to the organizational problems in the zone of interior. He stated that his command was interested in getting a clear directive as to what they were supposed to do as regards Army-Air Force supply relationships.

Lt. Col. W. D. Duncan, planning officer of the EUCOM Logistics Division, in answer to a question by a subcommittee member why there could not be integrated supply of other items, as with subsistence and petroleum, denied that it had been indicated that such integration could not be effected. He stated that they were merely acting in response to a departmental directive to separate Air Force stocks.

Colonel Duncan pointed out that until USAFE became a separate command in Europe parallel to EUCOM in the fall of last year, it received logistics support from EUCOM. In December 1950 General Handy had sent a letter to Lt. Gen. Lauris Norstad, Commander in Chief, United States Air Forces, Europe (CINCUSAFE), and Admiral William B. Carney, Commander in Chief, Naval Elements,

Mediterranean (CINCNELM), pointing out that all three departments had requirements in France and suggesting one military establishment for placing logistics requirements. He had suggested a conference to determine policies and responsibilities of the respective commanders in France. Admiral Carney in February and General Norstad in April 1951 replied that they concurred in the joint conference proposal. During the same period EUCOM was requesting further guidance from the Department of the Army with regard to their responsibilities to the Air Force in Europe. A cable from CINCEUR, to the Department of the Army asked this fundamental question: "Is the Army here to support Air Force for common-user items?"

The cable went on to point out that at present EUCOM was responsible for logistics support of common-user items only for Air Forces in Germany.

Again, in sharp contrast to the testimony of Colonel Dyer from the Air Force, Colonel Duncan stated that there were many reasons for having the Army responsible for logistics support of common-user items for all Air Forces in France and Germany. He stated that EUCOM could furnish logistics support, including base maintenance and rebuild, both to Army and Air Force with a minimum cost in funds and personnel; and that duplication of such support would exist if EUCOM continued to support the Air Force in occupied Germany, with a parallel supply line under Air Force control in France. Such duplication, he pointed out, involved facilities for determining priorities, for calling supplies forward, use of docks, use of transport, and many other operations. Furthermore, he noted the desirability of having only one defense agency dealing with the French, especially in matters pertaining to transportation and the acquisition of facilities.

Colonel Duncan stated that the Army was cognizant of some contrary reasons: The Air Force would not have complete control of its stockage until it arrived at the bases and would be required to furnish Air Force personnel to do a proportionate part of the work.

The importance of a clear-cut decision as to the responsibility of EUCOM with regard to future logistics support of Air Forces in Germany and elsewhere was emphasized. If EUCOM were to be responsible for such logistics support, supplying common-user items, then certain prerequisites would have to be established.

The Department of the Army, in response to the request for a clear-cut directive, responded by cable on June 19, 1951 (the so-called Magruder cable). According to the summary by Colonel Duncan, the cable stated the general Department of Defense policy on each department manning and operating a supply system, and included a Department of the Army memorandum dated July 10, 1950 (which EUCOM did not receive until June 1951). This memorandum recited that unnecessary duplication must be eliminated but necessary duplication was permitted and that accordingly each service would either provide its own complete logistics support or participate in joint control over each unified servicing category.

It recited further that each common category of supply and services required individual analysis to determine the best assignment of responsibilities and that each service could provide its own logistics

support up to the level of insuring operational mobility and combat effectiveness. It recommended that full authority be delegated to field commanders to determine how logistics support could be provided within their commands, and that each service assigned unified logistics support responsibilities be furnished the personnel, facilities and other means required, and receive fund reimbursement therefor, from the service supported.

The body of the Magruder cable, according to Colonel Duncan's summary, noted Army responsibility for storage, issue, and depot maintenance of certain quartermaster air items. Air Force intentions regarding transfer of Army supplies were stated in these words:

Air Force intends to arrange for transfer from Army to Air Force of all responsibility for storage, issue, and maintenance by Army for both services, except subsistence and such other classes as may be agreed upon on an interdepartmental basis.

Outlined further were Air Force intentions with regard to assuming supply and service responsibility in some fields while leaving others to the Army. Full responsibility was declared to be on the Air Force after July 1, 1954, either to supply its own logistics support or arrange for it to be furnished by EUCOM. In this connection, Air Force intentions were stated to be that it would seek EUCOM support in France for subsistence and petroleum products while the Air Force would store and distribute class II (clothing and equipment) and class IV (construction equipment, and materials) supplies, as well as class V (all ammunition required by the Air Force). It was noted that the Air Force would take over the divided class II stocks by June 30, 1954; until that time the Army would be responsible also for provision of all types to support USAFE in France. In this connection it was stated:

During the interim USAFE will take over as many of its future responsibilities as it is able.

Colonel Duncan also summarized an Army-Air Force agreement of January 10, 1950, which dealt with transfers of personal property pursuant to the National Security Act of 1947. The agreement noted that depot stocks of major end items common to both Army and Air Force in EUCOM had been divided and allocated and separate credits set up for the respective shares. All other common depot stocks in the command (except subsistence and petroleum) were to be divided and allocated and separate credits set up as soon as capabilities permitted. The service assuming bulk storage responsibility for its stock of an item was to be responsible for initiating requisitions upon the continental United States for replenishment. The using service was to assume storage, issue, and depot maintenance for items purchased by the other services for which there were counterparts already in the user's depot system.

Colonel Duncan noted:

In compliance with this January 10, 1950, agreement, we have been in the process for a year and a half of dividing all stocks in EUCOM depots into two piles, one for the Air Force and one for the Army. We had no official information concerning the plan to establish Air Force depots in France to handle the Air Force share of these items until we received the Magruder cable.

He noted further that, based upon the problems of command relationships and logistics support responsibilities brought out by the

various policy directives, a committee meeting between senior representatives of the Army, Navy, and Air Force commands in Europe was held in Heidelberg in July 1951. The mission of the committee was to establish by mutual agreements a solid basis upon which all services could satisfy their logistics requirements in France in the most efficient and economical manner. Joint working committees were established to work out recommended agreements in 15 specified fields. Draft agreements on the working level were made for all of these except command relationship, construction, and post-exchange operations. The draft agreements were said to be used as a basis for operations and budgeting and it was expected to have the agreements finalized and signed by December 15, 1951.

The agreement on depot supply and distribution operations was said to be one of the greatest urgency. Although the classified matter deleted in Colonel Duncan's summary makes it difficult to obtain the full sense of these agreements, it appeared that the Magruder cable would make the Army responsible temporarily for receiving and storing certain Air Force supplies, which would cause the Army to expand greatly its depots in France to handle Air Force items; afterward the supplies would be moved to new Air Force depots and the Army depots would be left partially empty.

In order to reduce the potential overconstruction of Army depots in France, an agreement was made indicating when the Air Force would begin to store its own supplies. Then followed a summary of the allocations of responsibility for various categories of supply. With regard to Quartermaster, the following was stated:

QM supplies and equipment were the first items to be allocated between the services and are simple to store, so it is planned that the Air Force will have its own QM depot in operation in France * * *.

The general policy with respect to housekeeping, maintenance, and other service-support responsibilities was stated to be that the Army and the Air Force would be responsible respectively for the areas in which they were predominant; in areas where both were considered sufficiently strong to support separate facilities, each was to be made responsible.

Col. Lucien F. Wells, Chief of the Supply Branch, Logistics Division, EUCOM, advised the subcommittee that the supply-management policies set forth in Secretary Lovett's directive of July 17, 1951:

* * * are largely applicable to this command and, insofar as our mission permits are the basis of our supply system.

In presenting a detailed summary of EUCOM supply operations, Colonel Wells included a section relating to the "transfers of logistical responsibilities between and allocation of stocks to Army-Air Force." This section noted that the allocation of common-user stocks to the Army and the Air Force was the first step leading toward physical transfer of stock and of logistics responsibility. He reported that the initial allocation to the Army and Air Force of common-user stocks in the European Command was in implementation of a Department of the Army directive of September 1948 and was limited to major end items. Physical transfer of stocks allocated to the Air Force in Europe was not directed. An agreement was made between the Army and the Air Force in Europe as to the methods and procedures to be followed in effecting this allocation along with supply procedures to

be followed subsequent to the action. Six hundred and fifty major end items were allocated.

In June 1950, the summary recited, the Departments of the Army and the Air Force authorized allocation of all remaining common-user quartermaster items, except subsistence and petroleum products, thereby increasing the number of quartermaster items allocated from 128, under the initial action, to 15,821. There remained unallocated from other technical services approximately 190,216 common-user items including spare parts. A directive of March 16, 1951, ordered allocation between the two services of all other depot stocks common to them, except subsistence and petroleum.

The hope was expressed that this phase of the allocation would be completed by most of the technical services by February 1, 1952.

Colonel Wells' summary pointed out that allocation of stocks was only a part of a much larger program; namely, transfer of logistics responsibilities between the two departments, including transfer of stocks. It was noted that the Department of the Army in June 1950 directed the physical transfer of items that were included in Air Force technical orders for which both Army and Air Force stock numbers were available. Generally the classes of items involved in this action and transfer were quartermaster (office supplies and furniture); engineer (pipe, sand bags, abrasive, enamels, and varnish); ordnance (automotive small parts, solder, cheesecloth, and similar items). This action was completed by October 1, 1950.

Several other directives in this field were summarized and it was noted in addition, as follows:

Short range (prior to July 1, 1954) logistical support will continue to be furnished Air Force by Army until agreements are approved at departmental level and transfer of responsibilities actually made.

This command has implemented all directives concerning allocation and transfer of logistical responsibilities and is maintaining prescribed schedules for accomplishment of the transfer.

Upon returning home, the subcommittee made further inquiries into the transfer of responsibility for supply of common-use items to the Air Force.

Under Secretary of the Army Alexander, in his appearance before the subcommittee on February 22, 1952, referred to an agreement of February 1951 between the Army and the Air Force relating to the taking over of certain stocks by each from the other of items previously carried by each for the other. He noted that the transfer of clothing items to the Air Force was included in that agreement. The Under Secretary also noted that in certain overseas theaters the service of predominant strength would carry supplies for all the services in the theater. He assumed that in any transfer of stocks, existing facilities would be used and new ones would not be built unless they were needed for over-all expansion.

In response to a question from a subcommittee member as to why the Army Quartermaster Corps could not continue to serve the Air Force as before on quartermaster items such as underwear if the agreement were rescinded, Mr. Alexander replied:

The Army position on that is that we are able and willing to continue to do that, which we have done in the past, but that if it appears to a sister service or to the Secretary of Defense that it would be more efficient or better for us to cease doing it, we will then cease doing it.

Mr. Alexander noted that the Air Force had complained from time to time that it was not being satisfactorily served by the Army on specific items. He advised the subcommittee that after the subcommittee hearings of July-August 1951, and Mr. Lovett's directive of July 17, 1951, putting a ban on further transfers to the Air Force, he sat down with the procurement secretaries of the Air Force and Navy and found "there were no areas which were doubtful, which were under question or under dispute or as to which transfers were contemplated or desired."

Between the Army and the Air Force only two matters were said to be subject to question; namely, the transfer of quartermaster items and the transfer of all supplies in the European theater. According to Mr. Alexander, separation of supplies was not to take place in the Far East. When advised by subcommittee members that such separation was being planned in the far eastern theater, Mr. Alexander expressed surprise. Although he understood that the Army Quartermaster always had to account to the Air Force for inventory carried for them, any program for building new warehouses to store transferred supplies was news to him.

Mr. Alexander stated that no new areas for supply separation had been brought up since the discussion of quartermaster and EUCOM supplies. In reply to a question whether cost studies were made of separation of quartermaster and EUCOM supplies, he replied that certain studies had been made but he did not know if they were wide enough to supply the cost information desired by the subcommittee.

In the course of the hearings on February 22, 1952, Chairman Bonner asked Mr. Alexander to supply information as to the amount by which the Army's budget for fiscal year 1953 could be reduced as a result of supply and service responsibilities at that time expected to be taken over from the Army by the Air Force. Mr. Alexander, in a reply dated April 3, 1952, stated:

I testified that I knew of only two cases in which transfer of supply responsibility to the Air Force was contemplated. These related to quartermaster supplies world-wide and to an agreement concerning the supply system in the European Command, which has subsequently been suspended by the Secretary of Defense, subject to his further review.

Mr. Alexander then went on to say that a review of the Army's budget for fiscal year 1953 disclosed no funds "for the payment for any service to be performed by the Air Force in respect either to transfer of quartermaster responsibility or to logistics support in Europe." He, therefore, concluded that "there is no known reduction which could be made in the Army's fiscal 1953 budget because of the expected transfer of supplies and service to the Air Force."

Further, he suggested that since the budget estimates for EUCOM were based on the assumption of certain logistics support by the Air Force under the agreement which had been suspended, the Army might be required to furnish additional funds not budgeted for fiscal year 1953 to support this activity in the event the suspension continued.

Mr. Alexander's reply to Chairman Bonner's inquiry did not appear to be responsive to the question. The chairman wanted to know simply how much the Army budget would be cut for functions taken over by the Air Force. The reply referred to Army payments for services to be performed by the Air Force in respect to such transfers.

Thereupon the Chairman directed another letter, dated April 4,

1952, to Under Secretary Alexander requesting clarification of the matter, to which a reply was received on April 8, 1952. Mr. Alexander enclosed a statement which he described as "a hurried estimate of readily identifiable costs borne by the Army, without reimbursement, in performing services for the Air Force." It excluded items for which the Army was reimbursed, as in cross servicing activities budgeted by the Air Force. Also it excluded funds to cover supplies procured for the Air Force by the Army as a single service procuring agency, the procurement funds for which also were carried in the Air Force budget. The amounts estimated to be included in the Army budget for fiscal year 1953 for nonreimbursable support of the Air Force totals more than \$190 million. Although this estimate and Mr. Alexander's reply afford no measure of the extent to which, if at all, Army budget requirements have been or would be reduced by Air Force assumption of supply responsibilities, it is perhaps suggestive of the high cost of establishing duplicate facilities.

The Chairman of the Munitions Board (John D. Small), advised the subcommittee at the February 1952 hearings that at the direction of the Secretary of Defense all transfers of supply responsibility in Europe from the Army to the Air Force had been suspended, pending submission of the required transfer agreements to the Secretary of Defense. Mr. Small noted that in accordance with the Secretary's directive of July 17, 1951, these agreements would have to be substantiated by cost statements in terms of manpower, facilities, and matériel.

The directive suspending the European transfers, dated March 9, 1952, was addressed to the Secretaries of the Army and the Air Force. It referred to (a) a secret Army radiogram to CINCEUR, Heidelberg, dated June 19, 1951 (b) a confidential Army radiogram to CINCEUR, Heidelberg, dated February 29, 1952, and (c) the Department of Defense directive of July 17, 1951. It was noted that reference (a) concerned general transfer of supply responsibility, including storage, issue, and depot maintenance from the Army to the Air Force in Europe. "The content of this radiogram," said the directive, "is considered to be a statement of policy and not a transfer agreement." It then pointed out that reference (c) required all agreements for such transfers made subsequent to July 17, 1951, to be submitted to the Secretary of Defense for approval. In accordance with references (b) and (c), the directive noted that all transfers of supply responsibility resulting from reference (a) and now in process had been suspended, pending submission and approval of the required transfer agreements.

The third paragraph of the directive stated as follows:

Agreements submitted to the Secretary of Defense for approval shall indicate items or classes of items and the individual technical services involved. The agreements shall also include a statement concerning the Air Force requirements for additional facilities, personnel, and funding needed to accomplish the transfer. The statement should also indicate as to whether or not these requirements are available to the Air Force, provided for in present or proposed budget plans, or available for transfer from the Army.

The "secret Army radiogram" of June 19, 1951, referred to evidently is the Magruder cable summarized above. Despite the fact that Secretary Lovett's earlier directive of July 1951 was stated in testimony before the subcommittee in Germany to be the guiding

policy document for logistics operations in EUCOM, the issuance of the subsequent directive obviously meant that the ban on expansion of the Air Force supply system for common-use items without the Secretary's approval was being disregarded. The subcommittee observes further that the Secretary's March 1952 order resulted directly from the information obtained by the subcommittee in Germany in the presence of a Munitions Board official who had accompanied the subcommittee in an advisory capacity.

Mr. Small emphasized at the subcommittee's February 1952 hearings that the Air Force could not set up a separate supply system for common items without the specific permission of the Secretary of Defense. Such permission was said to be required for all transfers after July 17, 1951, and any action taken before that date, according to Mr. Small, constituted a statement of policy and not an agreement to transfer.

Mr. Small informed the subcommittee that he was not acquainted with prior policy statements on transfers to the Air Force when he testified before the subcommittee last summer. According to his testimony the Munitions Board would review for the Secretary of Defense all transfers in process, which transfers were suspended pending the review. It was his understanding that no substantial transfer of supplies has been made except quartermaster, class II and IV items, effected about 2 years ago. He acknowledged the possibility of reversing transfers already effected.

Assistant Secretary of the Air Force Gilpatric in a letter to Chairman Bonner, dated March 22, 1952, stated that he wished to correct possible misapprehensions on the part of the subcommittee as to certain features of the Air Force procurement and supply system. He also repeated an invitation to the subcommittee to visit the Air Matériel Command at Dayton, Ohio.

Mr. Gilpatric asserted, first, that Air Force supply activities were proceeding in accordance with directives of the Secretary of Defense, in coordination with the Army, and in accordance with his testimony before the subcommittee last summer. He denied that any action was being taken in conflict with higher level policy or with directives or with the intent of the National Security Act as understood by the Air Force.

His letter pointed out that the first air supply depot was established in 1917 at Middletown, Pa., and since that time "it has been our conviction that it is more efficient, and in some respects essential, for the Air Force to have its own supply system." Where practicable and more efficient, cross-servicing was stated to be favored by the Air Force. In theaters where the Air Force was predominant (England, North Africa, Greenland, the Philippines, and the Middle East) the Air Force performed the supply distribution functions for all services. In Panama and Hawaii the Air Force had no depot supply facilities and relied entirely on the Army or Navy.

According to Mr. Gilpatric, on the continent of Europe the Air Force had a plan for the support of the Air Forces considered "the best arrangement for that area." He admonished the subcommittee to bear in mind that this area might become a combat zone. He noted that the details of this plan were being prepared for submission to

the Secretary of Defense for his review in accordance with the July 1951 directive. Mr. Gilpatric further stated:

We feel that there are certain common-use items, now handled by the Army, which should be our concern from the time these items enter the military distribution system. I refer to the field of distribution as distinct from procurement. We have no intention of changing the existing procurement pattern.

He assured the subcommittee that there was no intention on the part of the Air Force, contrary to some suggestions at the subcommittee's hearings, to set up technical corps similar to those in the Army. He stated that the logistics systems of the Army and the Air Force were organized along different lines. In the Army the various technical corps or services were organized along commodity lines and carried on all the functions involved with that commodity.¹⁷ The Air Force, in contrast, was organized along functional lines, and each functional organization was responsible for handling various commodities within that function.¹⁸ Thus, the Air Force handled procurement through a single agency, whereas the Army technical services performed separate procurements. This divergence of approach also was ascribed to the field of distribution and maintenance. According to Mr. Gilpatric, the Air Force could not use the technical service organization of the Army without revamping its entire philosophy of organization.¹⁹

With regard to the subcommittee's supposition that the Air Force was establishing a new supply system for common items, Mr. Gilpatric stated that "the Air Force has no intention of establishing a new supply system." The existing system was considered by him completely adequate for the job and was said to be currently handling more than 80 percent by dollar volume of all supplies used by the Air Force. According to Mr. Gilpatric, the Air Force supply system had been operating for 35 years and had reached a stature comparable with any supply system, and the integration of the remaining 20 percent of supplies into Air Force distribution and maintenance would not change that system but render it more effective.

Finally, Mr. Gilpatric took issue with the suggestion of a single supply organization like the British Ministry of Supply, arguing that supply organizations could become too large and overcentralized for effective and economical operations.

In reply to a request from Chairman Bonner made on April 6, 1952, Mr. Gilpatric submitted a list of various directives and orders relative to the transfer of supply responsibilities from the Army to the Air Force. In addition to the text of various agreements and directives, a number of which have been discussed above, the documents included a summary of earlier developments in the field.

The summary declared that inherent in Air Force responsibilities as a separate military department were the duties of (1) preparing and defending its own budget, including costs incidental to items procured for its use by another department; and (2) computing com-

¹⁷ In the hearings held by the Armed Services Committee (Subcommittee No. 2) on the Air Force Organization Act of 1951, Secretary Finletter emphasized very strongly that the Air Force did not want to have technical service corps set up by statute, because these corps would tend to build up their own separate empires.

¹⁸ Quartermaster, signal, construction (engineers), transportation, ordnance, chemical, or medical.

¹⁹ Procurement, storage, distribution, issue, disposition, etc. The Navy supply system is also organized on functional lines.

plete matériel requirements on all items used by Air Force organizations and furnishing appropriate schedules of such requirements to designated procuring agencies.

In laying the ground work for discharging these two responsibilities, it was noted that a preliminary series of agreements was reached between the Army and the Air Force on September 15, 1947 (Hall Board report), to be effective beginning in fiscal year 1949, which agreements confirmed the principle that separate stock allocations should be made to serve as a guide for separating Army and Air Force requirements and budgetary calculations.²⁰ Then on February 2, 1948, the Aurand-Craig agreement was signed (Lt. Gen. H. S. Aurand, (USA), Director of Service, Supply and Procurement; Lt. Gen. H. A. Craig, USAF, Deputy Chief of Staff, Matériel). This agreement provided (1) that the Army technical services would compute requirements and estimated cost thereof for the Air Force for fiscal year 1950 in collaboration with the Air Force; (2) that stocks would be divided and allocated, and definite credits set up for Army and Air Force shares of stock prior to January 1, 1949; (3) that the Air Force would compute its own requirements for fiscal year 1951 and thereafter; (4) that Air Force stocks supplied to the Army would likewise be divided and allocated; and (5) that adjustments in personnel, funds, records, et cetera, would be made by joint discussion and subsequent agreement.

According to the Air Force summary, the Aurand-Craig agreement signed February 2, 1948, "provided a positive directive to each Department to work out details for the division of assets and delineated respective responsibilities for future computations and requirements." This directive involved separate discussion by the Air Force with each of the Army technical services, for which purpose a technical service committee was established and a series of conferences initiated. According to the summary information, the Army at first withheld approval because of the potential administrative costs involved. The agreement accordingly went back to committee for reexamination in order to recommend greater simplification and economy in the work of dividing assets. With a few changes, the substance of the Aurand-Craig agreement was finally approved.

With regard to an agreement made in December 1948 between the Army Quartermaster and the Air Force relative to the division of assets, the Air Force summary stated:

This agreement of December 28, 1948, emerged after a long and difficult series of conferences with Office of the Quartermaster General representatives which involved a number of basic disagreements on interpretation of the National Security Act of 1947 and the Aurand-Craig agreement of February 2, 1948. The scope of the agreement in its final form, accordingly contains certain provisions relating to Air Force responsibility on storage and issue functions for quartermaster type items. These functions will be transferred from the Office of the Quartermaster General to the Department of the Air Force on a progressive basis starting July 1, 1949, and are scheduled for completion on or before July 1, 1952.

As noted earlier in this section, the interservice general policy agreement between the Quartermaster General, Department of the Army, and the Department of the Air Force became effective on February 23, 1951. Included in the Air Force documents submitted to the

²⁰ In his memorandum dated September 15, 1947, to the Secretary of War, transmitting the Eisenhower-Spaatz agreements, General Eisenhower as chief of staff noted that the Hall Board report was one of several preliminary studies upon which the agreements were based.

subcommittee was an Air Force directive of March 2, 1951, to the commanding general of the Air Matériel Command, which requested that immediate arrangements be made with the Army Quartermaster General for tentative agreements or regulations to implement the interservice general policy agreement. The directive also referred to an Air Matériel Command plan, dated October 30, 1951, for assumption of quartermaster functions, noting that it provided for the bulk movement of a 90-day level of Army-stored quartermaster supplies to Air Force depots. The memorandum stated in this connection:

While such action would facilitate the final accomplishment of the plan, it cannot be approved because of the transportation costs that would be incurred. It is therefore requested that the detail agreements or joint regulations, which are to implement the general agreement, provide for the depletion of Air Force assets from QM depots by attrition through normal requisitioning process.

Certain conclusions flow patently from the extended summary of the information gleaned by the subcommittee in its investigations of developments in the Air Force supply system:

1. The stated intent of Generals Eisenhower and Spaatz to establish or preserve a maximum of common supply and servicing, although written into the so-called Eisenhower-Spaatz agreements, was not reflected in the subsequent transfer orders or interdepartmental agreements relating to the assumption by the Air Force of supply support hitherto furnished to the Air Force by the Army.

2. As written, the Eisenhower-Spaatz agreements set the stage for ultimate separation of supply responsibilities by providing for a division and allocation of stocks for budgetary purposes. The actual agreements did not set forth a policy on physical transfers.

3. As written, the original Eisenhower-Spaatz agreements and subsequent transfer orders and other implementing agreements, regulations, and directives provided ample leeway for the establishment of a completely independent supply system in the Air Force.

4. A vast amount of time, effort, and money has been expended in formulating agreements and planning for the establishment of a completely independent supply system in the Air Force, and in separating stocks for accounting and requisitioning purposes. In the case of the separation of quartermaster stocks alone for the Air Force, estimated accounting costs to the Army of \$4 million were estimated. Huge additional sums will be expended if Air Force plans for the creation of new facilities to store, issue, and maintain common-use items are authorized.

5. In certain cases, plans for the physical separation and transportation of separated stocks were not approved because of the transportation costs involved. It appears generally that along with the transfer of supply responsibilities, Air Force stocks in Army depots are being or will be withdrawn by attrition.

6. The 40 transfer orders signed by the Secretary of Defense give formal approval to and "legalize" the Eisenhower-Spaatz agreements, and are sufficiently comprehensive on their face to cover any contingencies and to constitute a policy for complete transfer of Air Force supply responsibilities.

7. The specific injunction of Secretary Johnson, in signing Transfer Order 39 of May 18, 1949, against Air Force construction of new or additional depot-storage facilities for items of supply common to the two services without prior approval by the Secretary of Defense,

either is being flouted in Air Force planning or the Secretary's approval is construed as already having been given.

8. The assumption by Secretary Johnson, in his memorandum of May 18, 1949, accompanying Transfer Order 39, that the Munitions Board will develop "an adequate supply system for common items of supply among the three Departments," has not materialized.

9. Secretary Johnson's memorandum of July 22, 1949, in construing the intent of the National Security Act of 1947, said in effect that now that the separation of the two departments had been accomplished by 40 transfer orders, the efforts toward integration could proceed. In following this philosophy, the Army and the Air Force have not started with the assumption that common supply and servicing, as existing, will be maintained, but that subsequent cross-service agreements will be worked out after complete separation has been effected. In other words, the burden of justification falls upon common supply and servicing in the future and not upon separation of such supply and servicing in the present.

10. Secretary Lovett's directive of July 17, 1951, requiring the Secretary's approval before existing supply systems could be expanded for the procurement and distribution of common-supply items, added nothing to the injunction of his predecessor; if anything, the phrase "not already agreed upon" constituted a backward step in view of agreements already made.

11. The force and effect of Secretary Lovett's July 17, 1951, directive, are susceptible of varying interpretations by the departments, particularly in view of the ambiguity attaching to the word "agreement." Since the enactment of the National Security Act of 1947, establishing a separate Department of the Air Force, numerous and sundry "agreements" have been made. The Secretary's effort to distinguish between an agreement on policy and an agreement in the sense of a working plan or program is not aided by the vague wording of his directive.

12. Further confusion is caused by the ambiguity in the concept of separation. Air Force stocks in Army depots have been or are being "separated" for accounting, budgetary, and requisitioning purposes, even if not physically removed. Since the agreements to divide assets for these purposes and to transfer supply responsibilities date back several years, expansion of the Air Force supply system has been construed as already accepted in principle; Secretary Lovett's directive of July 1951, in that sense, would only require his approval of a specific depot or other facility to carry out a responsibility already transferred to the Air Force.

13. In testimony before the subcommittee, neither the present Secretary of Defense nor the Chairman of the Munitions Board appeared to be well informed about the existence or content of these various policy statements or agreements, and in fact the Secretary of Defense was constrained to issue a new clarifying directive upon being made aware of developments brought to light by the subcommittee overseas.

14. The then Under Secretary of the Army was either uninformed or less than candid in suggesting to the subcommittee that the Air Force had only a limited program for the transfer of supply activities from the Army, and he was vague as to the applicability of Secretary Lovett's July 1951 directive to arrangements or agreements theretofore existing.

15. The uncertain status of Pentagon policy with regard to the separation of Air Force stocks from Army depots is reflected in overseas theaters, causing confusion and inability to make firm plans for future logistics requirements. Field headquarters were neither promptly nor clearly informed about Pentagon directives affecting their supply responsibilities.

16. There are indications that interdepartmental agreements respecting the division of Army and Air Force supply responsibilities in Europe are not proceeding on the basis of the most efficient over-all utilization of depot and warehouse space now, or subsequently to be made, available.

17. Army and Air Force officials generally gave conflicting testimony as to the feasibility or cost of making the Air Force completely responsible for its supplies of common items. Air Force representatives minimized the cost of transfer and emphasized the threats to military effectiveness by continuation of Army supply to the Air Force. Army officials saw large costs in the establishment of separate facilities and asserted that the Army could supply common items to the Air Force without impairing Air Force striking power.

18. It was impossible for the subcommittee to obtain accurate estimates of what a completely independent Air Force supply system would entail in budgetary terms. Evidently the Secretary of Defense lacks such budgetary information himself as indicated in his March 1952 memorandum.

During the hearings by the House Committee on Appropriations on the budget estimates for the military departments, the chairman and members of the subcommittee appeared before subcommittee on the budget estimates for the military departments, the chairman Chairman Mahon and presented some of their findings. In the floor debate on the military appropriation bill, amendments offered by individual members of this subcommittee were accepted to reduce Air Force appropriations by approximately \$175 million with the specific intention of eliminating funds to expand the Air Force supply system for common-use items which the Army can supply. Finally, in an endeavor to put some teeth in Secretary Lovett's July 1951 directive, an amendment offered by a subcommittee member and accepted by the House provides in H. R. 7391 as follows:

SEC. 640. No part of the funds herein appropriated shall be used to expand the personnel, facilities, or activities of the Department of the Air Force to establish or maintain a separate system for providing such supplies and services as were furnished to the Department of the Air Force by the Department of the Army prior to August 1, 1951.

The subcommittee thus followed through on the recommendation made in its June 1951 report. We urged such action by the House in connection with the defense appropriation bill, not with any intent to impair the striking force of our magnificent air arm, but to impress upon officials in the Pentagon that the Congress means business in working to eliminate overlapping and duplication in the military establishment.

We recommend that the appropriate committees of the Congress scrutinize carefully pending legislation to authorize some \$3 billion of military public works, to determine whether duplicating storage and warehouse facilities for common-use items are being requested by the Air Force.

SECTION III. FOLLOW-THROUGH ON AMERICAN MILITARY AND ECONOMIC AID

In the course of its overseas survey of American military installations and supply methods, the subcommittee received considerable information regarding the administration of our military and economic-aid programs and the national and international organizations involved in these programs. The subcommittee will not attempt to present a detailed report on foreign-aid organizations and programs, except to note their bearing on the immediate subject of the subcommittee's inquiry.

The free world is looking to us for help and instruction in a common endeavor. American military and economic-aid missions are advising and training personnel of various countries, promoting local production, and supervising the use of equipment and facilities provided by the United States under the aid programs. Some 18 military missions, comprising in the aggregate almost 4,000 officers and enlisted men (a few civilians are included), and some 23 economic missions under the Mutual Security Agency, comprising about 2,000 American personnel, are engaged in these follow-through activities with respect to American aid.

In its hearings and report the subcommittee has tried to highlight the importance and the urgency of developing and instituting efficient supply management in our own Military Establishment. In appropriating huge sums of money for foreign aid—on the order of \$7 or \$8 billion a year—with primary emphasis now on the military side, we depend on American officials in the aid missions to follow through on these grants, to see that they are used for the specific purposes intended and that mutual security objectives are realized to the maximum.

How well American officials abroad do their job—and we refer at this point to the military—depends in large measure on their own training and experience and the concepts of organization to which they adhere. To the extent that our own house is not in order in regard to supply management, we cannot expect that others will be instructed to build better.

Although military supply organization and management in the United States are advanced far beyond that of most recipient countries, the subcommittee was profoundly disturbed to note that our military advisory groups were not aggressively promoting unification in the supply systems of the countries in which they were stationed. These groups, comprising representatives from the three military departments, tend to project their previous training and separate-department concepts of supply organization into the local situation. The best that can be said for our military advisory groups is that they seek to institute American military supply methods, which are certainly an improvement on the primitive or archaic methods in a number of assisted countries. But American military officials intent on preserving departmental independence do not insist that their opposite numbers in the assisted countries take positive steps toward unification.

In the rare event that the chief of a military advisory group has the initiative and the imagination to work toward an integrated sup-

ply system to eliminate the familiar duplication or triplication of facilities, that exercise is performed without benefit of guidance or insistence by the Department of Defense, or by agencies in Europe concerned with mutual security under American leadership.

In Turkey the subcommittee found the rare event in the person of Maj. Gen. William H. Arnold, Chief of the Joint American Mission for Aid to Turkey (JAMMAT). General Arnold was actively interested in bringing about unification in the Turkish military supply system because he is a frank and outspoken advocate of a single supply service for all military departments. He expressed himself to the subcommittee in these words:

My personal view is that I don't think there should be more than one supply system. I feel, for example, that what we are trying to get from Turkey is that there be one ordinance department that would handle ordnance matters for the Army, Navy, and Air Force; there would be one surgeon who would handle all medical matters; there would be one signal officer who would handle all signal matters; and all the other things you speak about.

In other countries, the approach varied with the personality and predilections of the group chief and usually these predilections were for three separate pipelines of supply. Maj. Gen. George J. Richards, Chief of the Military Assistance Advisory Group (MAAG) in France, informed the subcommittee that there were three separate supply systems in the French military establishment, each of which carried common items. He stated that he did not know of any instance where one service bought or distributed supplies for the other.

In Greece officials of the Joint United States Military Advisory Group (JUSMAG) represented the Greek military establishment as having a common-use program which turned out to be single-service procurement of clothing, mess kits, canteens, and some other individual equipment. Except for subsistence stored and issued by the Greek Army for all three services on a periodic replenishment schedule, storage and distribution of common items by a single service is lacking in the Greek defense set-up. The problem was said to be under study by the national defense general staff.

The subcommittee was informed that the Greek armed forces are organized according to the British system, modified by Greek and United States methods in order to comply with existing Greek laws and American aid requirements. It was pointed out when supply problems could not be solved on a staff level, a committee was formed. Cited as an example was the purchasing committee set up to study centralized procurement when it was discovered that the limited funds as distributed among the three services for the local procurement of spare parts and related items were competing on the local market, resulting in duplications and higher prices. Consequently all local procurement of vehicle spare parts was vested in a centralized procurement committee for base supply agencies.

The chief of the American military mission stated to the subcommittee that the Minister of Defense in Greece had requested the help of JUSMAG in unifying the Greek armed forces to a greater degree than at present. The subcommittee applauds the request and entertains no doubt that the Americans will cooperate, but detects a lack of initiative on the part of our own military officials in working for supply unification.

The subcommittee believes it of the utmost importance that persons trained in defense-wide supply management and able to transcend the narrow, departmental outlook be placed on the military advisory groups overseas and that they perform their duties according to Department of Defense standards formulated for achieving maximum supply integration, flexibility and economy in the military systems of the recipient countries.

The subcommittee recognizes, of course, that our several military advisory groups differ in the degrees of influence and control they exert over the national armed forces assisted, depending on the particular aid legislation which authorized the military missions or the severity of the local problems with which they have to cope.

In the Philippines and in Greece where Communist bands and guerrilla elements have been doing battle, the missions are known as the Joint United States Military Advisory Group (JUSMAG), have substantial responsibilities for troop training and planning of operations, and report directly to the Joint Chiefs of Staff.

Prompted by the specter of Communist aggression, we provided a similar organization for Turkey, known as the Joint American Military Mission for Aid to Turkey (JAMMAT).

(Now that Greece and Turkey have become members of the North Atlantic Treaty Organization, these military advisory groups probably will be readjusted to conform to the pattern established for NATO countries.)

In France, Italy, England, and other of the NATO countries, as well as in places like Indochina, Thailand, and Indonesia, the missions are known as Military Assistance Advisory Groups (MAAG), and they do not have operational responsibilities unless these are specifically written into bilateral agreements with the countries concerned.

Although the MAAG has less direct contact with the local military forces than the JUSMAG or the JAMMAT, it would seem to the subcommittee that the bilateral agreements negotiated with recipient countries before any aid is given offer a proper avenue for reaching an understanding with respect to the kind of supply systems that will be maintained to receive and utilize American equipment most effectively. These agreements are negotiated by the State Department, but the subcommittee was advised that the actual instruments are developed in the Department of Defense and cleared through the Joint Chiefs of Staff.

The subcommittee was also advised by a Department of Defense official that these bilateral agreements provide that the "advisory group will have the authority and freedom to go in and inspect right down to the last soldier the utilization of the equipment and aid that we furnished." Concern for the full and effective use of American-donated equipment, as required by the Mutual Security Act of 1951, certainly should be coupled with a concern that the recipient country's military supply system be organized to prevent or minimize the unnecessary infusion of equipment or spare parts in triplicate to separate services.

Since title to such equipment passes to the recipient country at the time of delivery, unlike the more flexible arrangements of prior lend-lease aid, our officials lack the leverage of ownership and accordingly must exhaust every other means to build up in NATO a unified, powerful instrument of defense.

The military advisory groups, of whatever kind, function in their assigned countries under so-called country teams composed of the ambassador, the chief of the military group, and the chief of the economic mission. Under the leadership of the ambassador, the military, economic, and diplomatic staffs work together, retaining, however, primary responsibility in their individual fields.²¹

In the Far East and Middle East, the activities of the advisory groups are not now coordinated on a regional basis. In Europe, there is a complex regional and international organization; the MAAG chiefs there do not report directly to the Joint Chiefs of Staff in the Pentagon but through a regional group known as the Joint American Military Advisory Group (JAMAG). JAMAG works with the regional United States and NATO authorities to coordinate the activities of the MAAG's at the European country level. (The relationship of JAMAG to MAAG was likened by a military officer to that of a corps to a division.) The military aid program in Europe is carried out under the direction of Gen. Thomas H. Handy, USA, who is the senior United States military representative in Europe as well as head of the European Command.

JAMAG, which contains United States Army, Navy, and Air Force representatives, was previously the military branch of a wider, loosely organized, regional organization known as the European Coordinating Committee (ECC), headed by a special ambassador, Charles M. Spofford; an ECA representative, Paul F. Porter; and a military representative, General Handy, to whom JAMAG is subordinate. The ECC endeavored to coordinate United States representation in several international bodies, with the aid of an executive director and secretariat working in London under the direction of Ambassador Spofford.

In addition to being Chairman of the ECC, Ambassador Spofford was the United States Deputy to the North Atlantic Council (and Chairman of the Council of Deputies) and occupied the Office of the Special Representative in Europe (OSR), a position set up by Congress under ECA legislation for coordinating economic aid in Europe. W. Averell Harriman, Milton Katz and Mr. Porter succeeded in turn to the position of Special Representative in Europe for the ECA (now MSA, Mutual Security Agency). The OSR is retained under MSA, but it is no longer an independent office headed by an official with the rank of ambassador.

Under the Mutual Security Act of 1951, Mr. Harriman became the Director of the Mutual Security Agency, in effect taking over the job of Paul Hoffman, head of ECA. The Director of MSA performs in a dual capacity. As coordinator of mutual security programs, a function prescribed in the statute, he has a relatively small staff apart from the Mutual Security Agency staff. To perform his statutory function as Director of the Agency itself, he has designated an operating head, W. John Kenney. A Mutual Assistance Advisory Com-

²¹ Sec. 507 of the Mutual Security Act of 1951 directed the President to "prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission." Pursuant to this provision, the President issued Executive Order 10338, dated April 8, 1952, vesting in the Chief of the United States Diplomatic Mission in each country "responsibility for assuring the unified development and execution of the said programs in such country." The Director of Mutual Security was made responsible for carrying out the provisions of the order and for prescribing additional coordinating measures, if necessary.

mittee (MAAC) has been established by the Director to advise him on basic policy decisions and to perform the interdepartmental coordinating functions previously performed by the International Security Affairs Committee (ISAC).

MSA Director Harriman's deputy in Europe is William H. Draper, who has been delegated full responsibility in the field to perform the dual functions of the Director. Mr. Draper succeeded to Mr. Porter's position, becoming the top representative of the Mutual Security Agency in Europe, and at the same time exercising the broad coordinating function in the field for Mr. Harriman. The operating head of the European office of the Mutual Security Agency is now Mr. Porter. He reports to Mr. Draper, who holds the title of Special Representative. In effect, Mr. Draper has delegated MSA operating responsibilities in the field in the same manner as Mr. Harriman has in Washington.

In another capacity, Mr. Draper inherited a position held by Ambassador Spofford, in that he has been designated by the President as the permanent representative of the United States to the North Atlantic Council and acts for the Secretary of State in Europe on NATO policy matters. Finally, Mr. Draper has been delegated authority by the Secretary of Defense to represent the Department of Defense in all military matters relating to NATO (noncommand functions).

Under the NATO reorganization worked out at the Lisbon Conference, the Council of Deputies has been replaced by a Permanent Council, in daily session, and Mr. Draper is the American representative to the Permanent Council. The Council as a permanent group is to be distinguished from the Council as a temporary meeting, with ministers present, in which case the Secretary of State represents the United States.

The Chairman of the North Atlantic Council is a foreign minister, or in his absence another minister from the country possessing the chairmanship, which rotates among member nations alphabetically each year. The Vice Chairman, who presides in the absence of a minister of the country having the chairmanship, is the secretary-general of NATO, Lord Ismay.

On the civilian side, the functions of various international bodies, which predated the Lisbon Conference and on which the United States had representation, such as the Defense Production Board and the Financial and Economic Board, have been absorbed into the Permanent Council.

On the military side of NATO, the Chiefs of Staff of the 14 participating nations comprise the Military Committee which meets occasionally, as does the Council, and is in turn responsible to the Council. The executive arm of the Military Committee is the so-called standing group, which is composed of the Chairman or Deputy of the Joint Chiefs of Staff of the Big Three Nations (United States, Great Britain, and France). The Military Committee, through the standing group (both located in Washington), gives direction to General Eisenhower as Supreme Allied Commander in Europe (SACEUR), located at the Supreme Headquarters Allied Powers in Europe (SHAPE), in France. Contrary to some popular notions, General Eisenhower does not stand at the top of the command hierarchy on the military side of mutual security.

The subcommittee will not belabor the reader with a complete or detailed account of the succession of agencies that have been formed and re-formed in the past several years as the result of mutual-security endeavors. In conferences in London with various American officials serving in international organizations associated with NATO, the subcommittee was shown an organization chart which sought to portray the numerous lines of authority and interlocking relationships, truly baffling in their complexity. The brief summary in this report is presented only to provide a frame of reference for the discussion.

The subcommittee appreciates the fact that NATO, representing the most recent attempt of free nations to pool their strength against aggression, is but 2½ years old; and that American efforts to adapt agencies and organizations to the role of world leadership in carrying out great new responsibilities, of necessity are marked by frequent experimentation. The creation of a Mutual Security Agency under the Mutual Security Act of 1951 signified a desire on the part of Congress to bring our manifold and disparate efforts together under unified direction. The subcommittee expects that the Director of the Mutual Security Agency, under his legislative mandate, with the cooperation of the Departments of State and Defense, will work constantly to weave the agencies, functions, and personnel engaged in the aid programs into a rational pattern, and will solicit the representatives of the other NATO nations to do likewise. The Lisbon Conference recognized a need for closer working unity and more effective organization among the NATO countries.

Below the various coordinating agencies and layers of authority in the Mutual Security Program, the Secretary of Defense is vested by present law with primary responsibility to determine what end items are required in each country, to procure the equipment, to deliver it, to supervise its use, and to supervise the training of foreign military personnel. The Secretary of Defense also establishes priorities in the procurement, delivery, and allocation of military equipment.²²

On the basis of data gathered by the MAAG's, working in the country teams, deficiency lists of military equipment needed by each country are prepared, evaluated by JAMAG and the staff of the special United States representative in Europe (Mr. Draper), and relayed to the Department of Defense. In the Department of Defense the Office of Military Assistance headed by Brig. Gen. George H. Olmsted (within the Office of International Security Affairs headed by Mr. Frank C. Nash), screens and coordinates the military-aid recommendations for all countries. A section of the Munitions Board also dealing with military-aid matters provides back-stopping to Mr. Draper's staff.

Deficiency lists to fulfill equipment requirements are now prepared on the basis of force planning and specific force estimates agreed upon at Lisbon—planning done in terms of so many combat units and so many pieces of equipment. After several screenings and refinements of requirements by the agencies in Europe and Washington, in the course of which selected items are marked for offshore procurement, execution of the specific programs is fanned out to the bureaus and services of the three military departments. Each of these departments

²² Public Law 165, 82d Cong., Mutual Security Act of 1951, sec. 506.

procures and delivers end items of military equipment through its own procurement and supply organizations. Members of our military assistance advisory groups, representing the three departments, channel the equipment into the three separate supply systems of the receiving countries.

A substantial portion of military aid is to be provided through offshore procurement (procurement in foreign countries) to relieve the strain on American production and resources. A sum in excess of \$600 million was earmarked for offshore procurement in fiscal year 1952 (a lesser amount will be actually spent) and it is proposed to use \$1 billion for this purpose during fiscal year 1953. Since the Army, Navy, and Air Force each will be making separate procurements of equipment and parts in Europe (except as the Munitions Board has assigned procurement responsibilities to a single service or activity), the subcommittee is greatly concerned lest the offshore-procurement program project on the European scene the disadvantages so frequently observed in the United States in separate buying by the three military services.

During London conferences on the mechanics of the offshore-procurement program, SUSREP was depicted to the subcommittee as engaged in a centralizing and coordinating activity in this field, but it became apparent that this was something far short of a central procurement agency for offshore procurement. One of the military officers on the staff of SUSREP stated to the subcommittee:

A central procurement agency is something far in the future and will take a lot of preparation not only on the part of our own Government, but of other governments, to coordinate the whole NATO program into one bailiwick, which is the final thing which you should come to.

The officer showed no particular enthusiasm for central procurement offshore and stated:

We have tried to follow the basic outlines at home in establishing our organization.

The subcommittee noted in section I of this report that offshore procurement in the far eastern theater had been centralized for the seven Army technical services in the Japanese Logistical Command.²³ According to data submitted to the subcommittee in Tokyo, the Japanese Logistical Command for fiscal year 1951 had instituted more than 18,000 local procurement actions at a cost of \$591,500,000. During the same period only \$2 million in procurements was made by the central agency for the Navy, and there was a decreased amount thereafter. Although the Navy and the Air Force procured locally for themselves, it was asserted that the Army, through the Japanese Logistical Command, procured most of the common items for all three services.

Representatives of the Japanese Logistical Command were very enthusiastic about the advantages derived from acting as sole procurement agents for the Army technical services. They pointed out that competition among the services was avoided, that exploitation by Japanese contractors was prevented, and that high prices were controlled and inflationary tendencies curbed. These justifications stand out in sharp contrast to the insistence by the Army technical services here at home on having their own procurement organizations and on

²³ Offshore procurement for recipient countries under the Mutual Security Act of 1951 is to be distinguished from offshore procurement for requirements of American forces.

the semiautonomous positions which make them virtually seven departments within a department.

Some recognition of the need to minimize the disadvantages of separate, unrelated procurement actions among the three services has been evidenced in Europe. The Army has been designated as the executive agency for the Department of Defense in order to insure a more uniform approach by the three services in the use of contract forms, in the acceptance of price and delivery terms, and in other phases of procurement. Recently also a Joint Coordinating Board for offshore procurement was established by the three service commands in Europe. Procurement officials of the three service will have membership on the Board under the chairmanship of Brig. Gen. Luke Finlay, General Handy's deputy for offshore procurement. The staff and secretariat of SUSREP, now under the direction of Mr. Draper, are acting as the secretariat and central statistical agency for the Joint Coordinating Board. The subcommittee is advised that the first meeting of this Board was held in Heidelberg, Germany, in April.

We strongly recommend that offshore procurement be completely centralized in the European theater. Mr. Draper, as the European coordinator of mutual security affairs and as the representative of the Department of Defense, should take the initiative in promoting a central procurement agency in the field. The Assistant Secretary of Defense for Supply, as proposed in section I of this report, would be the proper officer to make effective this recommendation at the Washington level, in conjunction with the responsibility for working out a unified logistics support program in the European theater; this joint function is particularly appropriate for the Assistant Secretary in view of the directive in the Mutual Security Act of 1951 to effect "procurement of military equipment in a manner which permits its integration with service programs."²⁴

In the execution of the projected large program for offshore procurement, the fixed and formalized routines of military procurement officials set by numerous laws and regulations will be thrown against the complex and shifting social, economic, and political problems of the countries designated for participation in the procurement program. In the opinion of the subcommittee, the greatest care must be taken to exercise these procurement functions on the basis of expert advice and full information respecting the domestic situations in assisted countries in order that the best interests of all NATO countries will be furthered. Difficult matters, such as eligibility for contracts by firms which have large Communist elements in their unions, or by firms which exercise monopolistic control or participate in cartel systems, will require resolution. The subcommittee expects that the information and advice of Mutual Security Agency representatives, both in the country missions and in the European regional office, will be sought and utilized to the full by the military in the offshore procurement program. Military procurement officials have a well-known disinclination, if not inability, to consider social and economic problems in relation to buying practices. Expert civilian advice is all the more important overseas, where procurement officials have to contend with unfamiliar language, laws, industrial practices, and social customs.

²⁴ Public Law 165, 82d Cong., sec. 506 (a) (2).

Furthermore, the Congress has made a declaration of policy to the effect that the mutual security legislation is to be administered so as to encourage greater participation of private enterprise in developing the resources of foreign countries, to discourage cartel and monopoly practices, and to promote the development and strengthening of free labor unions as collective bargaining agencies, in countries receiving our aid. To the considerable extent that offshore procurement can promote those objectives, the civilian influence in the military procurement program is of the utmost importance.

At the same time the subcommittee sees no warrant for building large and unwieldy civilian staffs in the Mutual Security Agency or for making the European and country offices refuges for benign hacks and incompetents. Mr. Porter as head of the European office of MSA, confirmed the subcommittee's impression of overstaffing in the field and reported that the reduction in personnel required under the Mutual Security Act of 1951 was quickly being put in effect.²⁵

The subcommittee's concern for efficient procurement overseas and for introducing techniques of supply unification among countries receiving American military aid has a wider field of application; ultimately all the nations of NATO will have to integrate their military supply systems in such a way as to promote the maximum defensive power. This matter was discussed in conferences with General Eisenhower and his staff at SHAPE. The subcommittee was informed that the military organization under General Eisenhower's command, as it then stood, had general coordinating responsibility with regard to the supply systems of national forces, but that SHAPE itself did not engage in supply management.

Maj. Gen. Edmund H. Leavey, Assistant Chief of Staff for Logistics at SHAPE, informed the subcommittee that under the NATO agreements then existing, each nation was responsible for the support of its own military forces and stated that SHAPE coordinated various supply lines without going into individual country elements. It appears to the subcommittee that flexible and efficient deployment of the collective NATO forces requires a high degree of supply integration across the board in order that a particular country unit away from home base will not be required to maintain its own complete logistics organization and pipeline.

A facet of that problem was presented to the subcommittee by General Leavey in these words:

* * * every time you move a pound of beans or a pound of bacon somebody has to pay for the move. So that, in times of peace, the movement or support of non-American forces over an American supply line requires much more than just coordination by SHAPE. It requires some agreements between the nations concerned to establish the proper financial relationships.

The obvious handicaps of SHAPE's limited authority over country supply systems have resulted, since the subcommittee's survey, in placing added responsibility upon General Eisenhower as SACEUR and the standing group in Washington with respect to equipment priorities and planning for logistics support of military forces. This

²⁵ According to recent data furnished the subcommittee by the Mutual Security Agency, the number of American personnel in Europe has been reduced from 1,078 (August 31, 1951) to 837 (April 1952 estimated). Total agency personnel have been reduced from 2,402 to 2,066 during the same period.

development toward a logistics and supply planning organization, agreed upon at the NATO conference in Lisbon, is directed toward giving SACEUR greater power of decision in allocating equipment to specific countries on a priority basis in order to make them combat-ready or to meet training needs.

Subsequent to the Lisbon conference, it was reported that the weaknesses of "national" responsibility for supply systems have been reviewed in a comprehensive way at SHAPE, and a high-level conference of NATO military commanders and Allied western government representatives is scheduled in Europe for the near future.²⁶ It is anticipated that Mr. Draper as chief American representative in Europe of the Mutual Security Agency and as a permanent member of the North Atlantic Council will assume an important role as right arm to SACEUR in the distribution of supplies and the placing of military orders where they can be most speedily carried out.

The increasing evolution of NATO from a broad policy planning to an operational entity with permanent headquarters and a secretariat, and its recent emphasis on logistics and supply integration among participating countries, pose added organizational problems to United States Government agencies. The Department of Defense will have to establish a coordinating or planning group here in relation to NATO logistics activities and in order to gear its procurement and delivery of hard goods into European production programs and supply systems in conformance with NATO policies.

Furthermore, Department of Defense operating programs will have to be carefully executed within the context of the basic objectives of the Mutual Security Act of 1951, the directing and unifying responsibility for which is vested in a civilian who reports to the President. Duplication of planning staffs and administrative personnel between the military and civilian parts of the foreign-aid program must be held to a minimum. And the propensity of the Joint Chiefs of Staff for laying out inflated end-item programs in their desire to achieve military effectiveness must be balanced against production capabilities both at home and abroad and against the willingness of receiving countries to carry a proportionate share of the burden. The subcommittee sees no sense in dumping large quantities of military equipment into countries which can well produce many of such items themselves.

One of the important logistics problems to which the NATO members addressed themselves at Lisbon and which our military supply officials must seriously consider is the field of standardization. Here again, defects in our own supply organizations and procedures, unless quickly remedied, will prevent the most effective pooling of combat strength in NATO.

The subcommittee has constantly emphasized the need for an aggressive and continuous standardization program here at home. It has pointed to the costs and complications in the field when nonstandard items have to be stocked and replenished. Slight and unnecessary differences which seem so trivial, when multiplied for thousands of items in each of the three services, add up to large sums of money. To cite a simple example, the subcommittee found in Alaska that the Army and Air Force were using ordinary office stationery of slightly

²⁶ New York Times, April 13, 1952.

different dimensions. The savings to the Army alone by standardizing 40 or 50 kinds and sizes of paper are estimated to be approximately \$800,000 a year. Variations have been found by the subcommittee among the three services in accounting systems and methods of payment, stocking levels, requisitioning engineering drawings and symbols, nomenclature, packing and packaging, shipping documentation, procurement and contracting forms, inspection procedures, et cetera. It is no wonder that the difficulties of achieving standardization in routine and well-established activities and in supplies among our own military departments are reflected in the utter failure of the standardization program to date for the NATO countries.

In its conference in London the subcommittee was unable to discover anything accomplished by the standardization agency set up in NATO. The many and real obstacles to standardization among nations with different industrial complexes are obvious. However, unless the United States, as the country providing large amounts of military equipment and supplies, insists on a rigorous program of standardization, the integration of supply systems within and among the NATO countries for maximum defensive strength will be frustrated. If the protracted international debate as to what rifle will be used for the common defense is any indication, standardization is a matter of talk rather than of action.

The negative results to date were ascribed to the urgency of supplying defense weapons. When a subcommittee member inquired whether delivery of nonstandard items might cause large amounts of surplus property to be generated in the future if and when another type of item was adopted as a standard, a member of the JAMAG staff in London replied:

I think it more important that the French have enough bazookas, even if there are two types of them, than not to have enough.

The officer expressed confidence that future plans would cope with such contingencies.

The subcommittee is constrained to observe that the urgency of the present must be balanced against the difficulties of the future implicit in the widespread use of nonstandard items among units of the various countries which may have to be rapidly deployed as mobile striking forces throughout a combat area. Nonstandard items not only compound the costs and problems of procurement, storage, and issue, but may seriously interfere with combat mobility because of lack of a critical replacement part, an unfortunate and frequent occurrence to which military commanders can testify.

In emphasizing the importance of efficient supply management among our own armed forces, in order to insure that the dollars we spend to aid our allies will yield the greatest return in mutual security, the subcommittee also stresses that the responsibility is two-sided. There is a corresponding obligation on the part of countries who receive our aid to put their own houses in order. This obligation goes beyond the proper use of military equipment, a condition which recipients of our aid must meet under the Mutual Security Act of 1951. Our dollars expended to help others will go down the drain unless the governments of assisted countries take positive and forthright measures of self-help and internal reform to stabilize domestic economies, expand production, and provide an incentive for all sectors of their populations to remain steadfast in the cause of freedom.

In country after country in Europe, American officials recited to the subcommittee the obstacles to economic recovery and defense production interposed by antiquated and inequitable tax systems—systems which weigh heavily on the underprivileged and allow the wealthy to escape making any substantial contribution to the national revenues.

As one American official stationed in Trieste stated with respect to the local and Italian tax situation:

You can't have a stable, strong society if all of your taxes are of the nature that we have here, highly regressive taxes. There are taxes on your grocery bill, and taxes on your cigarettes and salt and sugar and bananas, rather than an income tax.

The highly regressive, indirect taxes prevalent in many European countries have serious repercussions, not only upon the distribution of benefits from various aid programs but on the specific activities of our own forces in constructing and maintaining defense facilities. During its conferences in France, the subcommittee was advised that an estimated 15 to 16 percent of United States dollars expended in France for military purposes represented taxes paid to the French Government. These taxes were levied mainly on activities related to construction of bases and lines of communication across France. At the time of the subcommittee's visit the Department of State had taken steps to enter into negotiations with the French Government, looking toward an agreement that would relieve the United States from paying such taxes in connection with its military expenditures in France. This matter is treated in a joint report of the House Armed Services and Expenditures Committees.²⁷

The subcommittee is aware that the more enterprising of our ECA officials have worked diligently, if not always with success, the governments of recipient countries, in order to bring about needed reforms in taxation, land tenure, and other fields and provide a more solid groundwork for mutual security. Greece and Italy have recently passed tax laws which promise some improvement, and France has shown signs of active concern in the matter. However, your subcommittee believes that American efforts must be even more strenuously exerted to promote and encourage measures of self-help, in order to ease in some degree the burdens of American taxpayers in supporting foreign aid. These efforts also must be exerted to effect a wider distribution of aid benefits throughout all sectors of the population in assisted countries.

In the Philippines, the United States was compelled to make the extension of further economic aid contingent upon certain internal economic reforms subsequent to the findings and recommendations of the Bell mission. Agreements between the ECA and the Philippine Government led to the enactment of a minimum-wage law for the first time in the history of that country, and reorganization of the tax system to the extent that reportedly 60 percent more in taxes is now being collected by the Philippine Government. If this remarkable increase in revenues through the establishment of a more equitable tax system is any indication of the possibilities in Europe, budgetary deficits now compensated directly or indirectly by American economic aid can be to a large extent eliminated.

²⁷ 82d Cong., 2d sess., H. Rept. No. 1269, January 21, 1952.

It was never intended to make millionaires in Europe or anywhere else through Marshall-plan aid or through the millions spent for local production. The subcommittee, by this statement, in no sense endorses socialistic experiments or proposes that American officials become embroiled in local welfare schemes. But we cannot tolerate the use of American-aid funds or facilities to underwrite or to intensify existing inequities that make many peoples of the world easy prey to Communist propaganda.

It is frequently stressed that the peoples of the European nations receiving our aid are paying taxes in equivalent measure with us and devoting a comparable share of their national efforts to defense production and military preparedness, taking into account the fact that the per capita output of the NATO countries averages about one-third of that in the United States. Also emphasized are the crushing burdens of military production and preparedness thrust upon economies devastated by war and painfully trying to recover a normal civilian life.

Without questioning the accuracy of the data behind these assertions, the subcommittee merely enters a reminder that the averages conceal gross disparities of individual income and gross inequities in the distribution of the internal tax burden. It is no accident that despite the general recovery in European living standards to prewar levels or better, too many people in Europe are unaware or only dimly aware of the contributions made to that recovery by the United States. The chief of the ECA mission in France put great stress on this lack of awareness. In the subcommittee's opinion it will take more than simply appropriating greater funds for the Voice of America and other informational programs to overcome the lack. Our American representatives abroad must bring home sharply to the responsible authorities in countries receiving aid the fact that the American people will not carry for them indefinitely burdens that they should shoulder for themselves. It is basically unjust to tax American citizens to the hilt while well-to-do citizens of foreign governments receiving aid from American tax dollars are not contributing their full share to the operation of their governments.

It goes without saying that we are treating with sovereign nations and that our aid is given not as a matter of charity but as a matter of enlightened self-interest in a mutual security endeavor. The cardinal principle still remains that extending aid necessarily requires that criteria and standards of performance be laid down and fulfilled to prevent the frustration of the purposes which that aid is designed to accomplish.

SECTION IV. PROPERTY UTILIZATION AND SURPLUS DISPOSAL OVERSEAS

The subcommittee has emphasized constantly the importance of economy and supply discipline throughout the Military Establishment. With full and effective use of military equipment and careful conservation methods, the need for procuring new supplies and disposing of surpluses is correspondingly decreased. The subcommittee recognizes that it will take the most vigorous measures to curb the well-known profligate tendencies in the military. To all ranks from top to bottom it must be forcibly driven home that America's resources are limited and that a wasted item, an extravagant practice, only in-

crease the burden on our industrial capacity and the drain on our national resources.

A year ago the commander of fleet activities in Japan and Korea sent a message to Navy personnel under his command which read in part as follows:

The dominant motive in much of our planning will be conservation of supplies. The philosophy of scarcity must prevail; stocks of material must be made to serve more purposes for a longer period of time. All those in authority must indoctrinate their subordinates in supply conservation.

The subcommittee heartily applauds this theme and hopes that it will prevail. Navy officers with whom the subcommittee conferred at the Yokosuka Naval Base, a \$250 million establishment taken over from the Japanese, outlined a series of implementing measures which were to be observed by all Navy personnel at the base. Although exhortations to practice supply economy frequently do not seem to get beyond directives on paper issued for the record and dutifully placed in the files of the receiving unit, the subcommittee believes that an awareness of the problem is beginning slowly to take root among military personnel in the field.

Supply economy and discipline can be enforced effectively down the line only as an aggressive interest is manifested at the top and active programs for conservation of material and equipment are pursued at all levels. Pertinent here is the subcommittee's recommendation for the development of personnel broadly trained in supply management. Only by cutting across narrow departmental lines to view the common defense objective can military supply officials gain a proper sense of the enormous demands made upon the limited resources of the national economy and the imperative need to husband these resources with care.

In the previous section we indicated that the same broad outlook and training should characterize the personnel of our Military Assistance Advisory Groups overseas who must develop standards of conservation and supply discipline in the Armed Forces of friendly nations joined with us in the mutual assistance program.

Full and proper use of military equipment and supplies require among other things, that overstocking in depots and at using points be avoided and that excesses be promptly redistributed to other activities within the service or among services in the theater. Although military supply officials in the field recite elaborate procedures for controlling levels of stock and checking excesses, and assert that excesses are reported through channels for possible use elsewhere in the theater, the subcommittee has found that these procedures usually are more showy than effective.

Requisitioning for new stocks to replenish supplies issued and to maintain given levels is done according to established tables of allowances; these requisitions are examined ("edited") in the theater or by the supplying depot in the zone of interior only in a routine or mechanical sense, to see that tables are not exceeded or that unauthorized equipment is not requested. According to information obtained by the subcommittee at the Army Quartermaster Depot in Giessen, Germany, actual stocks on hand at the using stations overseas are not reported to the zone of interior when overseas depots requisition new supplies. Only assets on hand at the depot level are taken into account.

In conferences with logistics and quartermaster officials of the

European command, the subcommittee was given detailed accounts of the use of stock control teams to determine excesses that may exist at the user level and to arrange for the return of such excesses to active supply channels. The subcommittee was advised that trained specialists in these teams spend from 4 to 6 weeks surveying the supply picture at any given station. Although not in a position to evaluate the effectiveness of these inspections, the subcommittee is convinced that quantities of military supplies, huge in the aggregate, are stocked in posts, camps, bases, and stations in the United States and around the world, which greatly exceed normal requirements. The failure to relate these assets at the using level to depot stocks and to new requisitions magnifies the burden placed by the military departments on national resources and production.

In Alaska the subcommittee noted the problem of excessive stocking by local units as indicated in a memorandum dated September 6, 1951, to the Commanding General, Thirty-ninth Air Depot Wing at Elmendorf from the headquarters commanding officer:

It is requested in the interest of equitable distribution of Air Force spare parts and other supplies that all Air Force units at Elmendorf Air Force Base be inspected as to excessive stockage of such supplies. The Supply Division is endeavoring to increase and maintain service stocks for the effective supply service of local units. It is suspected that local units have hoarded and maintained excessive bench stocks of aircraft hardware, electrical supplies, aircraft spare parts, and other supplies common to Air Force units. The investigation will lend support to the commanding general's policy on supply discipline, as well as possibly correcting inequities in supply.

In Japan the subcommittee obtained information indicating that requisitions by Army technical services to zone of interior depots were not related to the availability of excess supplies within the theater. Although lists of excesses had been reported through G-4 channels and presumably made available to other activities for screening, the information given to the subcommittee by a Transportation Corps officer was restated as follows:

Now, the point that was made by Colonel Dial this morning was that his requisitions to the zone of the interior are not checked against what may exist in the excess list in the other services, and it was for this reason that the excess listing for the other services will have to be made available in such a manner that excesses that could have been used to raise his stock levels will already be on the cards prior to the time that his stock-management section constructs the requirements to bring the stock levels back up to authorized strength.

Illustrative here is the tendency of each service to place new orders according to established requisitioned routines, regardless of the fact that excess supplies within the theater could be used to fill some of the depot needs.

The excesses referred to in the quotation were derived principally from the so-called roll-up program by which thousands of tons of supplies and equipment left on Pacific Islands after the cessation of hostilities in World War II were shipped to Japan and rebuilt for use in the occupation and in Korea. The rebuild operations inspected by the subcommittee provided a striking demonstration of materials retrieved and large savings realized from the enormous residue of stocks that were abandoned after World War II.

Military officials at the Japanese Logistical Command offered, as a conservative figure, savings of five or six hundred million dollars. The opinion was expressed that without this rehabilitated equipment

rolled up in the Pacific and brought to Japan, the Korean operation could not have been maintained.

According to information given to the subcommittee in Tokyo, the roll-up operation commenced in 1948 and accelerated with the onset of fighting in Korea. As one military officer stated to the subcommittee:

I would still be criticized for removing surplus junk from the Philippines if it hadn't been for the Korean situation.

From Guam the bulk of an estimated 873,000 measurement tons of equipment was moved to Japan in the roll-up.

Rebuilt vehicles were said to provide about 80 percent of new vehicle life at about one-fourth of the cost of new vehicles. The Army Ordnance Corps had rebuilt 50,000 vehicles and 713,000 small arms for use in Korea. The other Army technical services also had extensive rebuild programs. The subcommittee was told that engineering equipment numbering more than 7,500 major items valued at \$65 million dollars was rebuilt at a repair cost of \$14.5 million dollars.

Vehicles and weapons collected on the battlefields of Korea also were being rehabilitated in Japan. The subcommittee was assured that although the recovery of battlefield equipment and scrap was slow in getting under way, a thoroughgoing recovery program was in process at the time of the subcommittee's visit. Shell cases containing valuable brass were being collected and sent to the United States. A considerable portion of the ferrous scrap collected was going into Japanese steel mills and factories to make possible the manufacture of bridging equipment, vehicles, and other essentials for combat operations in Korea.

The subcommittee was informed that, after the beginning of the Korean conflict, SCAP had frozen further distribution of military-type items from supplies turned over to the Japanese Government for relief and rehabilitation purposes after the war, and had recovered almost \$60 million worth of items. The Kobe Quartermaster Depot reported that a cost of \$1,800 per day in operations, it had reclaimed items valued at \$196,000 per day. For the period July 1, 1950, through August 31, 1951, almost 38½ million items had been reclaimed for combat purposes.

In Germany the subcommittee also was told about the extensive rebuild operations that were in process. Several rebuild shops were inspected. It was said that between April 1947 and June 1951 some 34 million items at an original cost of \$799 million had been rebuilt at an outlay of \$44 million.

Although the savings estimates undoubtedly lean toward the optimistic side, and the economies to a certain extent were made possible by the use of a large pool of low-paid labor both in Japan and Germany, the subcommittee believes that these rebuild operations have returned valuable equipment to use which would have been completely wasted or sold for junk.

The masses of material reclaimed and rehabilitated for use by our Armed Forces are but a small part of the vast stocks of surpluses that were sold, given away, or abandoned after the shooting stopped in World War II. Everywhere the subcommittee saw mute evidence of the aftermath: scrap metal, equipment in varying states of usability, hulls of sunken ships. At Adak the subcommittee saw valuable

machine tools stored away in warehouses. Although well preserved and not needed by the station activity, these machine tools were as far removed from utilization as if they had been lost at sea. They had been reported as excess only 6 months before the subcommittee's visit, yet VJ-day was 6 years old. No attempt had been made to ship the tools to the United States for use by other Navy or Government activities, despite the fact that a number of cargo ships supplying Adak regularly plied that area.

Here the subcommittee also saw miles of deserted Army barracks in a huge ghost town. Fire axes were still on the doors, and other usable maintenance equipment left untouched since the day the troops hurriedly departed for home.

At Okinawa some 60,000 tons of surplus war supplies and equipment, the last remains of a huge accumulation, were in process of being carted away by a British purchaser from Hong Kong.

In Greece the subcommittee was informed that about \$16 million worth of American surplus property remained stored in small lots all over the country and that \$10 million worth was serviceable equipment.

In Trieste military officials were still unpacking and sorting some 50,000 tons of wartime equipment dumped on the territory by the Fifth Army when it left the area.

During its overseas survey the subcommittee gathered additional information on a matter which had been under its scrutiny for several years; namely, the dealings in overseas surplus property by private firms which had managed to obtain such property from governments originally acquiring it from the United States, ostensibly for purposes of rehabilitation. Particular attention was given to transactions growing out of surplus property disposals in Germany.²⁸

American-produced supplies and equipment turned over to Germany by American military forces at the cessation of hostilities were listed for the subcommittee by a representative of the office of the High Commissioner for Germany (HICOG) as follows:

1. So-called "quantitative receipts" originally costing \$350 to \$375 million, comprising clothing, food, medicine, and a variety of other supplies, intended to prevent disease and unrest in the war-torn German economy.

2. So-called "incentive materials," some 40,000 tons to be distributed among the Ruhr miners in an effort to get them back into the coal mines.

3. The bulk sale of surplus property estimated to cost \$875 million, transferred through the Office of the Foreign Liquidation Commissioner (OFLC), the agency set up by the United States Government to dispose of overseas surplus.

The bulk sales contract between the Bizonal Economic Council, then acting as the German Government, and the OFLC, represented by Maj. Gen. Clyde Hyssong, was signed January 31, 1948. On the basis of 21 percent of original cost, the dollar obligations to the United States incurred by the German Government (to be repaid from future German exports) were approximately \$91 million for "quantitative

²⁸ Previous hearings on the disposition of war surplus in Germany were held by the subcommittee on March 5, 15, 16, April 4, 12, 13, 17, 19, 23, July 18, August 9 and 16, 1951.

receipts," \$58 million for "incentive materials," and \$183 million for bulk surplus, totaling \$332 million. Subsequently the \$183 million debt for the bulk surplus was scaled down by agreement to \$67 million.

In attempting to find out what had caused the reduction in the value of the surplus between September 1947 when first estimated and the final agreement, the subcommittee was advised that property originally costing some \$280 million had gone to Greece, Austria, Italy, France, Norway, and other countries; also that the Army had reexamined its own requirements and recaptured some of the surplus from the disposing agency for use in regular military and occupation duties. Although the records on these transactions are now gathering dust in Government archives, the indications are plain that control of and accounting for surplus property overseas (not to mention in the United States) were lamentably deficient.

A German quasi-governmental corporation, known as STEG (Staatliche Erfassungs-Gesellschaft fuer Oeffentliches Gut), was established in 1946, to handle surplus turned over by the American military authorities. STEG received some 400,000 long tons of surplus at 21 percent of original cost. Although the bulk transfers of these surpluses were designed to aid in the rehabilitation of the German economy, STEG found it necessary or expedient to dispose of bulk lots of the surplus to an international dealer named George Dawson, who in turn assigned his contract to another outfit known as Trucks & Spares, Inc., which contracted with still other companies for the disposition of this surplus. Ultimately, the subcommittee discovered, some of the material, renovated and rehabilitated, found its way back to the United States and was purchased by Government agencies. Altogether STEG received about \$44 million for its surplus disposals.

According to HICOG officials, less than 5 percent of the original surplus remained in the hands of the German Government, a considerable portion of the residue being scrap.

In September of 1950, after public hearings, and at the insistence of the subcommittee, the Department of the Army recaptured surplus material, originally costing \$75 million, which had been transferred to the German Government and was stored in STEG warehouses. A "freeze order" on further disposition of surplus was issued and the Army sent out teams to screen stocks in these depots. In the belief that this recapture of surplus for Army needs in the European theater was too limited in scope in view of the Korean conflict, the subcommittee in March 1951 demanded a second screening for American military requirements world-wide. This second freeze resulted in the recapture of equipment and material originally costing \$26.5 million.²⁹ Further, as a result of its overseas survey, the subcommittee was able to press for recapture of electronic equipment and other valuable material.

Whatever the value of the recaptured equipment in terms of present costs and scarce materials, certainly the money savings are substantial and the recaptures are timely when great and urgent demands press upon American production. It took considerable prodding by the

²⁹ The Secretary of the Army informed the subcommittee by letter dated January 31, 1952, that the Army subsequently released a portion of the recaptured property (acquisition cost of \$3 to \$3½ million) which STEG had committed to friendly nations for defense purposes.

subcommittee to activate the Army in this respect; and, even then, the subcommittee discerned no particular interest in directing recaptures of surpluses in other areas.

John J. McCloy, the High Commissioner, expressed to the subcommittee the opinion that surplus disposal arrangements after World War II were an improvement upon those following World War I, and noted that the Korean operation had focused attention anew on the problem. Regarding the disposition of surpluses to Germany, the High Commissioner said:

We played a sort of cat-and-mouse game with this thing. We turned the property over and we still have a hold on it. It is not a very satisfactory method for the purchaser, but I think it came to about as close an approximation of our interest as we could reach.

HICOG officials asserted that the right to reacquire surplus already sold was a limited one. Recaptures were made arising either under the requisitioning authority of the United States as an occupying power or were effected through the voluntary cooperation of the German Government.³⁰

These observations only serve to confirm the subcommittee's belief that the matter of surplus disposal overseas requires the careful working out of procedures to fully protect the interest of the United States, not only for the return of surplus under certain conditions, but for the exercise of appropriate control over subsequent disposals by the recipient governments. The fact that third party claims amounting to several million dollars resulting from Army recaptures of surplus in Germany have been presented to both the Army and STEG, underscores this point. In this connection the subcommittee found it virtually impossible to trace numerous disposal transactions by the German disposal corporation (STEG) embracing material and equipment originally produced in American plants and apparently ending up in some instances, through lack of controls, behind the iron curtain. The investigation of certain parties associated with George Dawson in these transactions and business maneuvers, undertaken by the High Commissioner's office at the behest of the subcommittee, appeared to be cursory and inconclusive.

According to official summary data, OFLC, from its inception by Executive order in September 1945³¹ until it closed down in June 1949, had disposed of \$10,440,000,000 (original cost), of surplus property located in foreign areas. Of this amount, property which cost \$9,450,000,000 was sold for a realization of \$1,772,000,000 or 18.7 percent. The remaining disposals (figured at original cost), consisted of transfers of \$122,000,000 in property to UNRRA under section 202 of the UNRRA Participation Act, military program, disposals of \$413,000,000, disposals pursuant to the signing of Air Service agreements³² of \$4,700,000, donations of \$50,000,000 and abandonments of \$400,000,000. Transfer value of the property acquired by UNRRA was listed at \$84,560,000, and it was considered as an equivalent net finan-

³⁰ A memorandum on HICOG control over surplus property held by STEG is contained in the subcommittee hearings on Disposition of War Surplus Property, Exhibit 61J, p. 646.

³¹ Executive Order 9630, September 27, 1945, vested responsibility for foreign disposals in the OFLC under the Department of State and abolished the earlier Office of Army-Navy Liquidation Commissioner in the War Department.

³² Rights and services assured by recipient countries to American airlines operating overseas in exchange for surplus property.

cial return to this country since it was a partial discharge of our financial obligation to UNRRA. Payment of \$36,000,000 was received for material transferred under military programs. (For tabular summary see table 1.)

TABLE 1.—*OFLC foreign-surplus disposal,¹ summary as of June 30, 1949*

	Original cost	Realization from disposal
Surplus declarations ²	\$10,440,279,000	-----
Sales:		
Major bulk sales ³	5,836,955,000	\$1,007,994,000
Other sales.....	3,614,213,000	763,850,000
Total sales.....	9,451,168,000	1,771,844,000
Other disposals:		
Transfers to UNRRA ⁴	121,855,000	84,560,000
Military program disposals ⁵	412,075,000	35,884,000
Air service agreements ⁶	4,092,000	-----
Donations.....	50,259,000	-----
Abandonments.....	399,630,000	-----
Total disposals.....	10,440,279,000	1,892,285,000
Total disposals in percent of declarations.....		100.0
Realization from sales in percent of declared cost.....		18.7

¹ Source for tables 1 and 2: Report to Congress on Foreign Surplus Disposal, July 1949, by Office of the Foreign Liquidation Commissioner, Department of State.

² Includes original cost of surplus property available for sale, property transferred on a nonremunerative basis to UNRRA, and property donated or abandoned. Excludes property withdrawn by owning agencies subsequent to declaration.

³ For details see table 2.

⁴ Nonremunerative transfers under section 202 of UNRRA Participation Appropriation Act.

⁵ Includes property located in the United States.

⁶ Represents cost of property transferred under air service agreements.

Of the \$9,450,000,000 of property sold, \$5,837,000,000 or 62 percent, was transferred under bulk sale agreements with foreign governments. While the over-all rate of realization on these sales of 17.3 percent was slightly less than the 21 percent obtained from sales other than bulk, the OFLC considered that the overriding advantages of not being further burdened with the expenses incident to the care, protection, and disposal of these stocks of surplus more than compensated for the lower rate of realization. The OFLC also pointed out that these surpluses—in all manner of conditions—were transferred on an “as is, where is” basis, the United States making no warranty other than as to the title. (For tabular summary of bulk sales, see table 2.)

It should be noted that the bulk sales were largely on long-term credit and that some of the governments already have defaulted on payments. In the case of the Philippines, United States property originally costing more than \$1.1 billion was transferred in bulk without reimbursement under special legislation.³³

The intent of the Congress, in enacting this law, to have the surplus property used for the rehabilitation of the war-torn Philippine econ-

³³ Title 2 of the Philippine Rehabilitation Act of 1946, Public Law 370, 79th Cong. A ceiling of \$100 million was placed on the fair value of surplus property authorized for transfer.

omy was largely defeated. Surpluses were diverted to other uses or destinations.³⁴

In greater or lesser degree, this experience was repeated in other countries that obtained American surpluses.

TABLE 2.—Summary of major OFLC bulk sales, as of June 30, 1949

Country to which sold	Date signed	Cost price of surplus	Realization or sales price
United Kingdom.....	Dec. 6, 1945	<i>Thous. of dol.</i> 531, 319	<i>Thous. of dol.</i> 60, 000
Canada.....	Mar. 30, 1946	58, 775	11, 925
India.....	May 16, 1946	618, 721	1 52, 478
France.....	May 28, 1946	1, 423, 795	300, 000
Egypt.....	June 15, 1946	35, 615	10, 684
Brazil.....	July 5, 1946	17, 400	7, 971
China ²	Aug. 30, 1946	824, 000	170, 000
Italy, ² first bulk sale.....	Sept. 9, 1946	377, 544	117, 860
Philippines ²	Sept. 11, 1946	1, 108, 392	137, 000
Belgium ²	Sept. 24, 1946	256, 064	38, 000
Italy, second bulk sale.....	July 21, 1947	184, 966	18, 000
Germany.....	Jan. 23, 1948	400, 364	84, 076
Total.....		5, 836, 955	1, 007, 994

¹ This amount includes \$13,064,000 which represents as of June 30, 1948, the United States share of the proceeds from sales made by India on a "share the proceeds" basis.

² Sales figures include surpluses previously sold to these governments.

NOTE.—Figures in above table reflect revisions in the data on amounts of certain bulk sales. (It will be noted that the acquisition cost of the bulk sale to Germany listed in table 2 differs from the estimates given to the subcommittee in its conferences with representatives of the High Commissioner's office in Germany and discussed above in this report.)

The Senate Committee Investigating the National Defense Program (then under the chairmanship of Hon. James Mead) in its investigations of overseas surplus disposal, criticized the overwhelming military composition of the OFLC, which was a civilian agency. The Senate committee noted in a report dated March 22, 1946, that in the Washington office there were 149 Army and Navy officers as against 36 key civilians. Overseas there were 306 Army and Navy officers and 56 key civilians. In the Paris office, except for the Field Commissioner himself, practically all of the higher-level positions were filled by military personnel on the payrolls of the War and Navy Departments. The committee stated its belief that surplus disposal was a merchandising and essentially a civilian function, and that it should be performed by civilian personnel acting under civilian procedures rather than through Army and Navy officers on military payrolls.³⁵

³⁴ The Economic Survey Mission to the Philippines in a report (Bell report) to the President of the United States, dated October 9, 1950, stated as follows:

"The surplus property given by the United States to the Philippines was disposed of without reference to its specific use for industries in the Philippines. Large blocks were purchased by private buyers at bargain prices and exported from the Philippines to other countries at an enormous profit. The proceeds from these transactions were in many instances converted into dollars remitted to the United States. The Philippine economy did not secure the intended increment of machinery and equipment represented by the great stock of surplus property. The ₱80 million received by the Philippine Government from the sale of surplus property went into the general fund as miscellaneous receipts and was used to meet the ordinary expenditures of the Government."

³⁵ 79th Cong., 2d sess., S. Rept. 110, pt. 5. Similar criticism of predominant military influence in the War Assets Administration with regard to disposal of domestic surplus property was made by the Subcommittee on Surplus Property of the House Committee on Expenditures in the Executive Departments, 80th Cong., 1st sess., H. Rept. No. 785. In contrast to the Mead Committee's criticism of the use of military personnel in overseas disposal operations is the following statement in the OFLC report to Congress dated April 1946: "This [use of military personnel] has not only served to make available the people best qualified by background and experience to deal with the peculiar problems of disposal of Army and Navy surpluses, but has also facilitated the close cooperation with the principal owning agencies which is indispensable to the proper performance of the disposal job."

When the OFLC was terminated (June 30, 1949), small residual inventories were returned to the owning agencies because of unsalability, the remaining field offices were closed out, and the continuing functions with their personnel were transferred to certain divisions of the Department of State under the Federal Property and Administrative Services Act of 1949,³⁶ effective that date. According to information given to the subcommittee, a small staff in the Department of State administers the affairs formerly conducted by the OFLC, making collections on prior sales to the various governments, and otherwise policing agreements previously made.

Title IV of the Federal Property and Administrative Services Act of 1949 made each executive agency having foreign excess property responsible for the disposal thereof. Foreign excess property was defined as any excess property located outside the continental United States, Hawaii, Alaska, Puerto Rico, and the Virgin Islands. Although after the termination of OFLC, the Secretary of State no longer had disposal responsibility, the act required that any agency disposing of foreign property do so in a manner conforming with the foreign policy of the United States. Thus, the Department of State has a measure of supervisory responsibility over foreign property disposals. On January 4, 1950, the Department sent a letter to all executive agencies outlining policies to be followed in this field. The agencies were requested to discuss with State Department representatives any planned disposals of property exceeding \$250,000 in cost.

The military agencies are the only ones that generate substantial amounts of foreign excess property for disposition. Subject to policy guidance from the State Department, these disposals are made under orders and directives of the owning agencies at the present time.

A memorandum issued by the Secretary of Defense, dated March 14, 1951, consolidates policies governing conservation, utilization, and disposal of Department of Defense matériel. It directs that disposals of foreign and excess matériel be effected in accordance with policy guidance furnished by the Department of State, the applicable provisions of Public Law 152, Eighty-first Congress, and regulations of the Office of Price Stabilization and the National Production Authority.

The memorandum further directs that matériel excess to an activity or an installation within an oversea command be screened to the maximum extent practical for redistribution and utilization within the command. Matériel excess to the needs of the command and classified as "nonreportable" (perishables, scrap and salvage, aircraft and aircraft components, arms and ammunition, et cetera) may be disposed of as foreign excess by the holding activity. All other matériel excess to the needs of the command is to be reported to the Surplus Materials Division in the Bureau of Supplies and Accounts, Department of the Navy. This Division is allowed a 90-day screening period subsequent to the date of each report for effecting the redistribution and utilization of such excesses within the Department of Defense.

The Surplus Materials Division, referred to in the preceding paragraph, is the designated Department of Defense central coordinating activity for the reporting, screening, and redistribution of "reportable" excess matériel within the Department of Defense. This Division is delegated authority, after maximum redistribution within the

³⁶ Public Law 152 (81st Cong., 1st sess.).

military has been effected, to report reportable matériel, which is excess to the needs of the Department of Defense, to the General Services Administration. In addition, this Division receives reports of excess matériel from other Federal agencies for screening and redistribution within the Department of Defense, and releases such reports listing matériel not required by the Department of Defense.

The Munitions Board is designated the responsible agency of the Department of Defense on matters of policy relating to disposal of Department of Defense matériel and to conservation and utilization of property. The military departments have the operating responsibilities in these fields.

In testimony presented to the subcommittee by Commander A. H. Barnett, Jr., Director of the Surplus Materials Division, less than \$1 million of some \$93.7 million worth of excess matériel screened by the Division between January 1 and October 1, 1951, represented overseas excess. No attempt was made to relate lists of excesses to requisitions for new supplies at the Surplus Materials Division screening level. Although Commander Barnett stated that increasing redistribution of excesses was being effected within the Department of Defense, ranging from 28 percent to as high as 43 percent utilization, it appeared generally that the screening procedure was cumbersome and not especially designed to insure that the excess of one service or activity would be used by another within the Military Establishment. The relatively insignificant amount of foreign excess reported to the central screening agency, coupled with the fact that reports frequently are too deficient in descriptive data to describe accurately the characteristics and quality of the overseas property, indicates that large quantities of valuable equipment excess to the needs of overseas commands possibly are being lost to military use.

The military departments are directed by the Department of Defense to include a clause in each sales offering and contract with respect to customs duties, taxes, and similar charges which may be levied by foreign governments against either the purchaser or seller in disposals of foreign excess matériel. This clause provides that either the purchaser will pay all such charges or the military department will act as collector of such charges for the buyer and turn over the duties or taxes to the foreign government.

Each of the three military departments has regulations governing the disposal of foreign excess property. Perusal of these regulations indicates lack of uniformity in procedure. Furthermore, the subcommittee sees no evidence, from its observations to date, that there is systematic screening and interchange of excess property among services and activities in overseas command. And again, the subcommittee sees no evidence that there is any concerted effort to relate excesses generated by regular military activities to the requirements of NATO countries, which are now being fulfilled by new procurements within the United States and within these countries. An occasional instance of the use of surplus in the mutual defense assistance program was brought to the subcommittee's attention, as in the case of several thousand vehicles retrieved from STEG warehouses and shipped to France and Belgium.³⁷

³⁷ Cf. "Memorandum on the Utilization in the MDAF of Surplus Military Equipment and Supplies" (April 5, 1951), subcommittee hearings on Disposition of War Surplus Property, Exhibit 61N, p. 649.

The subcommittee recommends that the Assistant Secretary of Defense for Supply, as proposed in this report, or the Munitions Board, which now has the policy responsibility for military surplus disposal, formulate a program to systematize redistribution of excesses and disposal operations by the owning activities and among the military departments. This system must provide for applying excess matériel to military aid requirements under the Mutual Security Program.

In the event that disposals of excesses assume large proportions, it would seem advisable to place disposal responsibilities in civilian hands. Military authorities are not well equipped to perform the merchandising functions in making sales of property, or to relate these activities to the political, economic, and social factors in the countries acquiring surplus property.

It is clear from testimony in the subcommittee's record that the supervisory responsibility of the State Department over foreign surplus disposal is perfunctory in nature and its agency lacking in means to verify that State Department recommendations are adhered to by the disposing agencies. The supervisory concern of the State Department in this field was described by one of its representatives as follows:

In general, the qualifications which we have attached to the disposals have been that the material disposed of be disposed of in a fashion which will prevent its falling into the hands of any person or persons or nation whose interests are contrary to our own. Otherwise, there has been no tremendous question of foreign policy involved.

Sales are approved "in principle without knowing who would be the ultimate purchaser." The State Department expects that the local military disposing officer will check with the Embassy to determine the qualifications of the prospective buyers of surplus property. An official of the Department stated to the subcommittee that the disposing agencies are not required by law to screen purchasers. He did not know whether adequate security measures were operative, nor whether the matter had ever been discussed in the State Department. When a subcommittee member expressed his concern that approvals were given without knowledge of the bidders or the purposes for which they sought to acquire excess property, the State Department official replied:

I think you have got a very important point there, and I think it is one that something should be done about. It may be that the answer is that we will have to go a step further with each of the disposal agencies and require the submission of the successful bidders.

Despite this acknowledgment of weakness in present disposal arrangements, the State Department official expressed his satisfaction with the law as it stood and the efforts of the Department of Defense in Washington to coordinate the disposal operations of the military departments overseas.

The subcommittee believes that the statutory basis for surplus disposal overseas requires reexamination and that safeguards should be worked out to prevent excess or surplus property overseas from getting behind the iron curtain; also that disposals should be made under arrangements that will enable the United States to reacquire needed items. Had the proper terms and conditions been stipulated and enforced in agreements for the disposals of huge surpluses after World

War II, large amounts of property could have been reacquired to make up serious shortages during the present emergency.

The story of surplus disposal overseas is one of improvisation, careless handling, lack of adequate accounting and control of inventories, and only casual consideration of the ultimate destination of transferred property. The gaps and deficiencies in the disposal process provided numerous opportunities for promoters and dealers to traffic in war surplus and to make large profits. Certain phases of the subcommittee's investigations in this field have not yet been completed. We intend to report more fully in the near future on the disposition of war surplus.

The subcommittee's apprehension that enormous production for our military forces and those of our allies growing out of the world emergency may raise anew the problems of surplus property disposal and the possible dissipation of national assets, has led it to consider the possibilities of retaining or reacquiring title to equipment which we provide to our allies for mutual security.

At present, title to military equipment passes to the receiving country at the time of delivery, and the Military Assistance Advisory Groups (MAAG's) are charged with the responsibility for superintending its use. The subcommittee was advised that the Government departments represented on the International Security Affairs Committee (ISAC) had established a policy concerning redistributable and excess property furnished under the mutual defense assistance program. It was intended by this policy that, in the case of property to which title had passed to a recipient country, title should revert to the United States Government to permit other disposition when and if the property was no longer needed. A proposal by the chairman of the subcommittee to have that principle written into the Mutual Security legislation resulted in an amendment which was accepted by the House³⁸ and which in modified form appeared as section 524 of the Mutual Security Act of 1951. This section provides:

The President shall make appropriate arrangements with each nation receiving equipment or material under the Mutual Defense Assistance Act of 1949, as amended (other than equipment or material furnished under terms requiring the nation to reimburse the United States in full therefor), for the return to the United States (1) for salvage or scrap, or (2) for such other disposition as the President shall deem to be in the interest of mutual security, of any of such equipment or material as is no longer required for the purposes for which originally made available.

Under lend-lease agreements in World War II we retained title to equipment furnished our allies. It might be easier to deal with such problems as scrap recovery, redistribution of excesses, and surplus disposal if the incidents of ownership remained in us. Such retention of title also might facilitate the achievement of standardization and unification in supply and supply procedures through strengthening the hands of our administrators of military aid in dealing with their opposite numbers in the forces of our allies. The prospect of a continued aid program indicates the wisdom of studying the possibility of providing for retention of title, or its equivalent, in future military aid.

³⁸ Congressional Record (daily ed.), August 17, 1951, p. 10492.

At the time of the subcommittee's overseas survey, section 524 of the Mutual Security Act of 1951 was barely in process of being implemented. Instructions were being formulated in Washington for the possible return of selected scarce items or materials.

The fact that a number of countries receiving American aid are extremely desirous of building up their own heavy industry, whether their economies are able to support such developments or not, undoubtedly will work against the return of scrap and salvage materials. Notable in this respect are Greece, India, and the Philippines. In the Philippines, an embargo had been placed upon the exportation of scrap from the country, which our Ambassador was endeavoring to have removed at the time of the subcommittee's visit. In the subcommittee's opinion, the embargo action does not comport with the spirit of mutual help and friendly cooperation implicit in the aid program.

The subcommittee has devoted considerable time to exploring the possibilities of returning scrap and salvage to the United States because of their vital importance to defense production. In deploying our resources world-wide, first to help fight the greatest war in history and then to mobilize the collective strength of the free world against the threat of a new war, vast quantities of metals have been removed from our country. To paraphrase a remark made to a subcommittee member, we have taken the Mesabi Range and spread it thinly around the world.

It is time to undertake actively to recover some of these materials for further industrial use. The scrupulous care given by the British to effecting the return of scrap and salvage materials from overseas supply operations, provides a lesson in conservation that Americans may well heed.

CONCLUDING REMARKS

In presenting this report for the consideration of the full committee and the Congress, your subcommittee has addressed itself to a few important matters which point the way to the achievement of substantial economies and greater efficiency in the Military Establishment.

We take notice of the fact that the Secretary of Defense and other officials of his Department have criticized reductions in the military budget made by the House of Representatives. It is not within our subcommittee jurisdiction or responsibility to decide whether these reductions in the aggregate will impair the country's defenses, as the Secretary contends. We dissociate ourselves from any desire or intent to deprive the Armed Forces of anything they require for full defensive strength and striking power. But we do insist, and our report is intended to show, that within the confines of that Military Establishment the Secretary of Defense and the heads of the several military departments have ample room to eliminate overlapping and duplication and to effect economies without impairing the national defense.

Responsibility for the effect of reductions in the huge military budget does not rest with the Congress alone. Such reductions should spur the Secretary of Defense to a rigorous search for economies. To the extent that he fails to insist upon economies along the lines indicated in this report, budget reductions will cut into the hard muscle of the defense effort and leave the fat.

It is difficult to economize by reducing overlapping and duplication of facilities, functions, and personnel when efforts to do so impinge upon deep-rooted prejudices and established practices within the military departments. We understand the magnitude of the Secretary's task and appreciate that it is rendered the more difficult by the baffling complexity of the military organization and its remoteness from public scrutiny and criticism. The fact that military officials frequently consider criticism by Congress and the public to be unfair and indiscriminate may be partly grounded in this complexity and lack of public understanding. If military officials were more diligent in putting their house in order, the public could more intelligently make its appraisal.

We are convinced, and our report has recommended, that the basic legislation purporting to unify the military services requires reexamination. Such reexamination is especially urgent in the light of (1) the huge demands that the Military Establishment makes upon the Nation's limited resources and (2) the development of new and unconventional instruments of war. Short of that, there exist manifold opportunities to eliminate overlapping and duplication, to curb wasteful practices, and thereby to permit substantial reductions in the expenditure of public funds for national defense.

The subcommittee necessarily has confined this report to a few important phases of military supply management which have been examined in the United States and overseas. Other important matters will be dealt with in subsequent reports; and the printed record of the subcommittee hearings to date on Federal supply management, totaling some 3,500 printed pages, is available to the members.

ADDITIONAL VIEWS OF HON. CLARE E. HOFFMAN

The subcommittee named on the first page of the report, accompanied as it was by the majority clerk, Mrs. Christine Ray Davis, the minority clerk, Mrs. Annabell Zue, and by the following staff members, Mr. Thomas A. Kennedy, Mr. Herbert R. Roback, and Mr. Ray Ward of the Bureau of the Budget, undertook and successfully carried out a most arduous task.

Sometimes committees traveling not only in this country, but abroad are charged by those who may, or may not, be familiar with their operations, with wasting the taxpayer's money, accomplishing no worth-while task.

The record and the report of this subcommittee indicates that the taxpayer's money spent was well invested.

Facts are disclosed, which if adequate follow-up action be taken, will result in the saving of millions of dollars which might otherwise be unnecessarily and wastefully expended.

It is my hope that either this subcommittee or some other committee of the House will follow through, bring about the desirable objectives brought to light in both the hearings and the report.

The report, under the caption, "Basis for Conclusions and Recommendations—Section 1. Limitations of Military Unification Law" carries the statement:

"BASIS FOR CONCLUSIONS AND RECOMMENDATIONS

"SECTION I. LIMITATIONS OF MILITARY UNIFICATION LAW

"The experiences of World War II and the need to build anew our defenses in the postwar world led to a strong public demand for unification of our Armed Forces. The National Security Act of 1947 was devised in response to the demand for unification. At the time this legislation was considered by the Committee on Expenditures 5 years ago, it was freely and frankly acknowledged to be a compromise. On the one hand it preserved intact the separate Army and Navy and created the Air Force as a third, new Department. On the other hand it attempted to tie the three departments together loosely at the top by creating the Office of Secretary of Defense. The Secretary was given ill-defined authority of a general sort to direct the affairs of the newly created National Military Establishment.

"Statutory functions were given to the Munitions Board to coordinate activities of the National Military Establishment with regard to industrial matters, including the procurement, production, and distribution plans of the three military departments; to recommend the assignment of procurement responsibilities; and to perform other enumerated duties. The Munitions Board's relationship to the Secre-

tary of Defense and its role in the military establishment were not clearly defined. The membership of the Board, composed of Under Secretaries or Assistant Secretaries from the three departments, with a civilian chairman appointed by the President with Senate confirmation but lacking power of decision, nullified the Board's effectiveness.

"The proponents of the original compromise legislation held forth great hopes that an alert and energetic Secretary of Defense and Munitions Board Chairman would seek out manifold economies in the colossal and sprawling Military Establishment and would put into effect supply and service arrangements to eliminate the overlapping and duplication which were so rampant in the military services and so costly to the taxpayer. General Eisenhower, in his testimony before the House Committee on Expenditures in 1947, was one who held out such hopes. Recently, when the subcommittee conferred with General Eisenhower at SHAPE headquarters in France, he replied to a subcommittee question as follows:

"I feel that what is really needed to accomplish what you gentlemen are seeking is to vest in the Secretary of Defense sufficient authority and responsibility to permit him to accomplish whatever degree of improvement in the economy and efficiency of our service and supply systems as is now necessary or that becomes necessary as time passes."

"The first two Secretaries of Defense as well as the Hoover Commission found the National Security Act of 1947 a sadly defective mechanism for achieving unification. Eighteen months after the law was passed, on the eve of his departure from that post, Secretary of Defense Forrestal reported to the Senate Armed Services Committee that the act contained 'weaknesses and inconsistencies,' and that the statutory authority granted to the Secretary proved upon application to be 'vague, confusing and specifically limited by the provision which reserves to the respective departmental Secretaries all powers not expressly conferred upon the Secretary of Defense.'⁶ A few months later Secretary Johnson advised the House Armed Services Committee that within the four corners of the ambiguously worded statute, departmental lawyers found sufficient reasons for resisting efforts to unify.⁷

"The National Security Act Amendments of 1949⁸ took account of several of the criticisms and of certain recommendations in the report of the Hoover Commission. The authority of the Secretary of Defense over the three military departments was somewhat strengthened and clarified. Likewise the role of the Munitions Board and its Chairman were pointed up and the Board was established more precisely as a staff arm of the Secretary.

"Nevertheless, the 1949 legislation again compromised between opposing concepts of proper organization in the Military Establishment. What was given with one hand was taken away with the other. The separate status for the three military departments was no only reaffirmed, but reinforced in several particulars. As if to remove any doubts on that score, the amendments wrote into the congressional declaration of policy of the original act the intent of Congress 'to provide three military departments, separately administered.'

⁶ Senate Committee on Armed Services, hearings on S. 1269 and S. 1843, March 24, 1949, p. 8.

⁷ House Committee on Armed Services, hearings on S. 1843 (No. 95), June 28, 1949, p. 2710.

⁸ Public Law 216, 81st Cong., 1st sess.

"An interesting incident in the legislative consideration of the National Security Act Amendments of 1949 illustrates the statutory setbacks to unification as well as gains. The original act, in section 202 (a) which created the Office of Secretary of Defense and prescribed the Secretary's duties, directed him, among other things, to 'Take appropriate steps to eliminate unnecessary duplication and overlapping in the fields of procurement, supply, transportation, storage, health, and research.' The Senate bill introducing the 1949 amendments, in seeking to strengthen and clarify the Secretary's authority, proposed that the above-quoted provision in section 202 (a) be amplified as follows:

"Taking of appropriate steps, including such coordination, transfers, and consolidations as may be necessary, to eliminate unnecessary duplication or overlapping in the fields of procurement, supply, transportation, storage, personnel, health, research, and in such other fields, as he may deem proper. * * *

"Pentagon lawyers assured the House Armed Services Committee that the Senate proposal was unnecessary in the light of the broadened authority proposed to be conferred generally on the Secretary.⁹ Accordingly, the entire provision, both of the Senate bill and of the original act were struck out by the House committee, the deletions were accepted in conference and the law now merely presumes, without specifically stating, that the Secretary will take steps to eliminate unnecessary overlapping and duplication.

"Secretary of Defense Lovett, in testimony before this subcommittee, expressed the opinion that he had sufficient authority under the act, as amended, to develop a well-managed, efficient supply system.¹⁰ While the subcommittee is convinced that the present law affords wide and numerous opportunities to eliminate overlapping and duplication, 5 years of disappointing experience under so-called unification legislation are strongly persuasive that the Secretary of Defense needs a stronger and clearer legislative mandate for military unification."

* * * * *

It was my conviction and contention when the unification law was enacted in 1947, as it is today, that the practice of waste and duplication pointed out by the subcommittee and set forth in the report, will not be eliminated by the creation of another office, the appointment of another official.

I agree with the testimony of Secretary of Defense Lovett, as given before the subcommittee that he had "sufficient authority under the act, as amended, to develop a well-managed, efficient supply system."

The reason for his failure to do so he did not express.

The writing of legislation, while desirable and sometimes necessary, may be a deterrent, but never has been, in my opinion never will be, a cure for all evil.

The remedy for the present waste and worse, which now admittedly exists not only in the Defense Department, but in other executive and legislative branches of the Government, is the election and the appointment to public office of able, honest, courageous, determined indi-

⁹ House Committee on Armed Services, hearings on S. 1843 (No. 95), July 6, 1949, pp. 2812 ff.

¹⁰ Subcommittee hearings on Federal Supply Management, July-August 1951.

viduals and the impartial enforcement by them of the legislation we now have.

That remedy is in the hands of the people who will have an opportunity on November 4, to apply it. In the meantime, the Congress and the committees of the Congress might well insist that those now in authority use that authority to bring about the objectives which the Congress had in mind when the Unification Act was written, later amended.

STATEMENT OF HON. PORTER HARDY, JR.

I wish to commend the subcommittee for its extensive investigation which resulted in the issuance of this report. Any unnecessary duplication of facilities by the military should be immediately corrected and tendencies to further duplicate must be avoided.

While I subscribe wholeheartedly to the commendable objectives of the subcommittee, I do not subscribe to those proposals which would presumably seek to correct existing or impending evils in the supply system through a legislative grant of additional power to the Secretary of Defense.

The National Security Act did not, in my opinion, intend that the Secretary of Defense would exercise "detail operational" authority over the military departments. The policy, as announced in that act, is "to provide for the establishment of integrated policies and procedures," but responsibility for the myriad details of administration and military operations remain with the separate secretaries. The congressional objective is clear. The Secretary of Defense is to establish the policies and make all the decisions which require top level approval, but it was never intended that his office should be an administrative office superimposed on the departmental secretaries. In military parlance, the office of the Secretary of Defense is intended to deal with over-all strategy, not with tactics. In my opinion amendments to the National Security Act have already granted to the Secretary of Defense more authority than was originally intended—perhaps more than may be judicious. To grant additional authority would, in effect, place in the Office of the Secretary of Defense responsibility for each detail of the administration of the military departments.

Such a course could only result in tremendous duplication of effort, the creation of a huge bureaucracy in the Secretary's office, and very possibly lead to the establishment of a single general staff for all three services. This is the very thing that Congress has consistently attempted to avoid.

To the extent that unwarranted duplication exists in supply or other activities of the three military departments, it should be eliminated. This is a matter for policy determination, and the Secretary of Defense already has ample authority to bring about the elimination of such duplication. I hope that he will take steps to do that promptly and effectively, and thereby obviate the need for any further congressional consideration which could be attended by many undesirable collateral results. It seems to me that one of the basic considerations which the subcommittee found is in the failure of the Munitions Board to function as it should have functioned. The creation of an additional Assistant Secretary of Defense for Supply would, in effect, be reestablishing the Munitions Board under another name. Changing the name under which an agency operates will not correct the faults of the system. I believe the Secretary of Defense can, under existing authority, require better functioning of the Munitions Board.

GLOSSARY

CINCEUR---	Commander in Chief, European Command.
CINCNELM---	Commander in Chief, United States Naval Forces, Eastern Atlantic and Mediterranean (formerly United States Naval Elements, Mediterranean).
CINCUSAFE---	Commander in Chief, United States Air Force, Europe.
ECA-----	Economic Cooperation Administration.
ECC-----	Economic Coordinating Committee.
EUCOM-----	European Command.
FECOM-----	Far East Command.
G-4-----	Logistics Staff Section, Army General Staff.
HICOG-----	High Commissioner of Germany.
ISAC-----	International Security Affairs Committee (now MAAC).
JAMAG-----	Joint American Military Advisory Group.
JAMMAT-----	Joint American Military Mission for Aid to Turkey.
JCS-----	Joint Chiefs of Staff.
JUSMAG-----	Joint United States Military Advisory Group.
MAAC-----	Mutual Assistance Advisory Committee.
MAAG-----	Military Aid Advisory Group.
MSA-----	Mutual Security Agency (formerly ECA).
NATO-----	North Atlantic Treaty Organization.
OFLC-----	Office of the Foreign Liquidations Commissioner.
OSR-----	Office of the Special United States Representative (ECA).
SACEUR-----	Supreme Allied Commander, Europe.
SCAP-----	Supreme Commander, Allied Powers (Far East).
SHAPE-----	Supreme Headquarters, Allied Powers, Europe.
STEG-----	Staatliche Erfassungs-Gesellschaft fuer Oeffentliches Gut (German Quasi-Governmental Corporation for surplus property disposal).
SUSREP-----	United States Representative (to Defense Production Board).
TRUST-----	Trieste United States Troops.
TWX-----	Message transmitted by teletype, cable, or radio.
UNRRA-----	United Nations Relief and Rehabilitation Administration.
USA-----	United States Army.
USAF-----	United States Air Force.
USAFE-----	United States Air Forces, Europe.



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